

AR50

Annual Report 1968

BASF

Highlights

In millions of DM

	1967	1968
--	------	------

Group Sales ^{1, 2}	4,674	5,580
------------------------------------	-------	-------

BASF AG

BASF AG Sales	3,517	4,057
Common Stock Capital	1,178	1,198
Reserves	1,303	1,378
Total Assets	4,820	5,130

Tangible Fixed Assets	2,235	2,149
Financial Assets	916	1,155
Capital Expenditure	385	362
Depreciation	452	425
Current Assets	1,655	1,814

Profits before Taxes	507	674
Taxes ³	247	336
Profits after Taxes (Year's Net Earnings)	260	338
Dividend in amount	236	263
Dividend per share ⁴ in DM	10	11
Earnings per share	11.02	14.12

Wages and Salaries, Compulsory Welfare Expenditure and Expenditure on Pensions and Assistance	884	914
Number of Employees	47,124	46,929

1 Net sales not including turnover tax. The figures for 1967 have been adapted.

2 Group sales for 1967 have been adjusted to enable a comparison to be made with those for 1968, Phrix Group sales being included to the extent of 50 per cent (formerly 100 per cent) and various foreign companies to the extent of 100 per cent (formerly 50 per cent). The BASF Group includes Badische Anilin- & Soda-Fabrik AG and all companies in which BASF AG directly or indirectly holds an interest of 50 per cent or more. Majority

interests are fully consolidated, 50 per cent interests only to the extent of 50 per cent. Group sales also include the external sales of those affiliated companies whose products are marketed through our sales organisation.

3 Taxes on Income, Earnings and Property including Equalisation of Burdens Property Levy.

4 Share of DM50 at par.

Printed with ©Nylprint, BASF's new photopolymer printing plate.

Fiscal Year 1968
Annual Report
Report of the Supervisory Board
and Annual Statement of Accounts

Badische Anilin- & Soda-Fabrik AG

BASF

It is with deep regret that we record the death on April 25, 1968, at the age of 59, of

Herr KLAUS SCHÖNFELD,
member of the Board of Executive Directors.

His services to the company, especially in connexion with the promotion of our world-wide sales organisation, have proved invaluable.

We also place on record our sincere regret that

Herr RUDOLF HOFFMANN,
member of the Supervisory Board, succumbed on May 5, 1968, at the age of 63, to a serious illness.

As a member of the works council of many years' standing, he was voted by the employees on to the Supervisory Board. By virtue of his responsibility to his work and his expert approach he gained respect and affection throughout the company.

We would like to pay our tributes to those employees who died in 1968.

Contents

Agenda for Annual General Meeting to be held on June 4, 1969	6
Annual Report	7
Supervisory Board and Board of Executive Directors Officers	8 9
The year in brief	11
Fields of activity	18
Subsidiaries and affiliated companies	40
Personnel	58
Finance	62
Notes on the Annual Statement of Accounts	66
Report of the Supervisory Board	77
Annual Statement of Accounts with auditors' report	78
Ten-year review	84

Seventeenth Annual General Meeting

Agenda*

to be held on Wednesday, June 4, 1969,
at 2.30 p. m., at BASF-Feierabendhaus,
47 Leuschnerstraße,
Ludwigshafen/Rhein.

1. Presentation of Annual Statement of Accounts and Annual Report of BASF AG and of the Report of the Supervisory Board; Presentation of the Consolidated Statement of Accounts and the Consolidated Annual Report; Declaration of dividend
2. Election of a member to the Supervisory Board for the residual term of office of a retired member
3. Alteration of the Articles
4. Formal approval of the action of the Supervisory Board
5. Formal approval of the action of the Board of Executive Directors
6. Appointment of auditors for the fiscal year 1969

* The complete agenda including suggestions as to resolutions is contained in Federal Gazette No. 78 of April 25, 1969.

ANNUAL REPORT

Aufsichtsrat (Supervisory Board)

Professor Dr.-Ing. Carl Wurster, Stuttgart
(Chairman)

Dr. rer. pol. h. c. Hermann J. Abs,
Frankfurt am Main (Deputy Chairman)

Hans L. Merkle, Stuttgart
(Deputy Chairman)

Rudi Bauer, Ludwigshafen
as from December 11, 1968

Professor Dr. rer. nat. Manfred Eigen,
Göttingen, as from May 20, 1968

Helmuth Henze, Frankfurt am Main

Werner Hoeke, Rinkerode

Rudolf Hoffmann, Ludwigshafen
Died on May 5, 1968

Heinrich Kemmler, Ludwigshafen

Dr. jur. Bernhard Landmesser,
Neustadt/Weinstraße

Ingénieur Simon Lazard, Paris

Dr. jur. Hans Karl von Mangoldt-Reiboldt,
Weilheim/Obb.

Jakob Müller, Otterstadt/Pfalz

Dr. jur. Julius Overhoff,
Hambach/Weinstraße

Heinrich Ries, Ludwigshafen

Leopold Freiherr von Schrenck-Notzing,
Stuttgart

Vorstand (Board of Executive Directors)

Professor Dr. phil. nat. Bernhard Timm
(Chairman)

Dr. phil. Hans Freiensehner
(Deputy Chairman)

Dr. phil. nat. Willi Danz

Dr. jur. Wolfgang Heintzeler

Dr.-Ing. Erich Henkel

Professor Dr.-Ing. Walter Ludwig

Dr. rer. pol. Rolf Magener

Dr. rer. nat. Hans Moell

Klaus Schönfeld
Died on April 25, 1968

Professor Dr. phil. Adolf Steinhofer

Leiter der Sparten (Heads of Production Groups)

Dr. phil. nat. Günther Daumiller
 Dr. rer. nat. Horst Metzger
 Dr. phil. Hans-Joachim Bister
 Professor Dr.-Ing. Horst Pommer
 Dr. phil. Otto Roser
 Dr. rer. nat. Matthias Seefelder
 Professor Dr. phil. Dr. rer. nat. Hans-Joachim Trieschmann
 Dr. rer. nat. Norbert Rudolphi
 Dr. jur. Robert Schilling
 Dr.-Ing. Hans Hellmuth Schönborn
 Dr.-Ing. Adolf Schwarz
 Professor Dr.-Ing. Richard Sinn
 Rolf Siplie
 Dr. rer. nat. Walter Stiz
 Dr. rer. nat. Erich Stöckl
 Hans-Joachim Stölty
 Hans-Werner von Stutterheim
 Günther Täge
 Dr. rer. nat. Helmut Thum
 Dr. rer. pol. Karl-Heinz Tillmann
 Harald Wenzel
 Dr. Ing. Otto Watterspiel
 Dr. phil. nat. Hans Weidinger
 Dr.-Ing. Karl August Weijen
 Dipl.-Ing. Adolf-Friedrich Wiek
 Dr. rer. nat. Herbert Willerinn
 Hans-Joachim Witt

Leiter der Verkaufsbereiche (Heads of Sales Groups)

Christian Erasmi
 Josef Fischer
 Werner Lander
 Hans Oesterlin
 Dr.-Ing. Wolfgang Alt
 Dr. jur. Hans-Albrecht Bischoff
 Dr. rer. nat. Rudolf Gärt
 Dr.-Ing. Wilhelm Mehl
 Dr. rer. nat. Friedrich Pysik
 Dr. rer. nat. Ernst Bartholomé
 Dr. phil. Karl Buchholz
 Dr. rer. nat. Karl Buschmann
 Dr. rer. nat. Günter Cramer
 Dr. phil. Bernhard Gysix
 Dr. jur. Friedrich Karl Hippbusch
 Dipl.-Ing. Heinrich Feldhoff
 Dr. rer. nat. Herbert H. Friederich
 Dr. rer. nat. Hans Fritz
 Dr. phil. Hans-Joachim Frost
 Dr.-Ing. Kurt Genschel
 Dr. rer. nat. Norbert Götz
 Dr.-Ing. Erich Hübner
 Reg.-Baumeister Karl Haisch
 Dr. phil. nat. Josef Hengstenberg
 Dr. rer. nat. Heinz Hillemann
 Dr. rer. nat. Klaus Holzer
 Dr. rer. nat. Kurt Jockers
 Dr. rer. nat. Heinrich Jonas
 Hubert Karbe
 Dr. jur. Jürgen von Knieriem
 Dipl.-Ing. Alwin Konrad
 Dr. jur. Helmut Kraft
 Dipl.-Kaufm. Richard Kuhn
 Dr. rer. nat. Heinz Lange
 Dr. rer. nat. Erwin Lehrer
 Dr.-Ing. Friedrich Lorenz

Direktoren (Officers)

Dr.-Ing. Wolfgang Alt
Dr. jur. Hans-Albrecht Bischoff
Dr. rer. nat. Rudolf Gäth
Dr.-Ing. Wilhelm Mehl
Dr. rer. nat. Friedrich Pyzik

Stellvertretende Direktoren (Deputy Officers)

Gustav Ahrens
Dipl.-Ing. Hugo Aldinger
Professor Dr. phil. habil. Ernst Bartholomé
Max Bräuer
Dr. phil. Karl Buchholz
Dr. rer. nat. Karl Buschmann
Dr. rer. nat. Günter Cramer
Dr. phil. Bernhard Cyriax
Dr. jur. Friedrich Karl Dribbusch
Dipl.-Ing. Heinrich Feldhoff
Dr. rer. nat. Herbert H. Friederich
Dr. rer. nat. Hans Friz
Dr. phil. Hans-Joachim Frost
Dr.-Ing. Kurt Generlich
Dr. rer. nat. Norbert Götz
Dr.-Ing. Erich Haarer
Reg.-Baumeister Karl Haisch
Dr. phil. nat. Josef Hengstenberg
Dr. rer. nat. Heinz Hillemann
Dr. rer. nat. Klaus Holzer
Dr. rer. nat. Kurt Jockers
Dr. rer. pol. Heinrich Jonas
Hubert Karbe
Dr. jur. Jürgen von Knieriem
Dipl.-Chem. Alwin Konrad
Dr. jur. Helmut Kraft
Dipl.-Kaufm. Richard Kuhn
Dr. rer. nat. Heinz Lange
Dr. rer. nat. Erwin Lehrer
Dr.-Ing. Friedrich Lorenz

Walter Marx
Dr. rer. nat. Horst Metzger
Dr. rer. nat. Manfred Minsinger
Karl Münch
Dr. phil. nat. Werner Nieswandt
Dr. oec. publ. Albert Oeckl
Dr. rer. nat. Karl Opp
Dr. rer. nat. Helmut Pfannmüller
Dr.-Ing. Günter Pöhler
Dr. rer. pol. Anny Reichl
Dr. rer. nat. Werner Reif
Hans Joachim Rössler
Dr. rer. nat. Norbert Rudolphi
Dr. jur. Robert Schilling
Dr.-Ing. Hans Hellmuth Schönborn
Dr.-Ing. Adolf Schwarz
Professor Dr.-Ing. Richard Sinn
Rolf Sipplie
Dr. rer. nat. Walter Stilz
Dr. rer. nat. Erich Stöckl
Hans Joachim Stolley
Hans-Werner von Stutterheim
Günther Taege
Dr. rer. nat. Helmut Thurn
Dr. rer. pol. Karl-Heinz Tillmann
Harald Wagner
Dr. agr. Otto Walterspiel
Dr. phil. nat. Hans Weidinger
Dr.-Ing. Karl August Wetjen
Dipl.-Ing. Adolf-Friedrich Wilck
Dr. rer. nat. Herbert Willersinn
Hans Joachim Witt

As of December 31, 1968

The year in brief

Good results at home and abroad

1968 was again a year of expansion for the BASF Group. Although economic conditions varied from country to country, the performance of the Group was above average. Business developed equally well at home and abroad so that our manufacturing facilities were working at full capacity throughout the year in nearly all fields. Group sales increased by 19.4 per cent, as compared with 1967, to DM5,600,000,000.

BASF AG's sales rose by 15.4 per cent to DM4,100,000,000. By reason of an exceptional increase during the latter half of the year the rate of growth of export sales was even higher than that of sales at home. Sales prices were more stable than in the previous year. Results, too, were substantially improved by strict cost control. BASF AG's profits before taxes are DM674,000,000, i. e. 33.1 per cent higher than the corresponding figure of the previous year. Profits after taxes are DM338,000,000, an increase of 30.3 per cent over 1967.

The results of the BASF Group also improved although in connexion with initial operation the large affiliated companies still in the process of expansion, particularly BASF Antwerpen N.V. and Dow Badische, incurred losses.

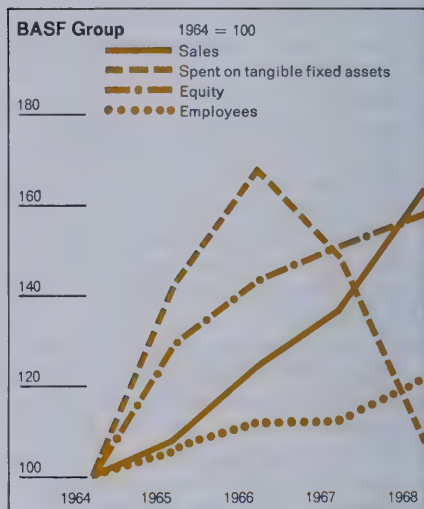
Dividend: DM11 per DM50 share

The year's net earnings are DM338,000,000 against approximately DM260,000,000 in the previous year. DM75,000,000 (of earnings) was allocated to the free reserve. We propose payment, from the residual surplus of DM263,000,000, of a dividend of DM11 per DM50 share on the common stock capital which has been raised by about DM20,000,000.

Increasing importance of our foreign operations

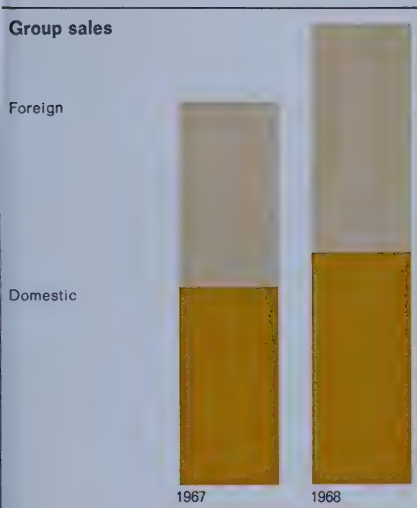
In view of our extensive international activities we have further streamlined our organisation abroad. For example in Spain, Mexico and Brazil, we have combined our selling and manufacturing companies to form even more efficient organisations. Particularly in the United States we have intensified our activities. Extension work on the facilities at Dow Badische and BASF Corporation has made good progress. We increased our interest in BASF Computron to 100 per cent. To finance the large investments in these affiliated companies, BASF Overseas N.V., Curaçao, has once again increased its capital stock by the equivalent of DM70,000,000. All the new shares were again subscribed by BASF AG.

On the South American continent, particularly in Argentina, Brazil and Chile, we strengthened our position by the extension and merging of affiliated companies and by new acquisitions. In April 1968 our interest in Companhia de Produtos Químicos Industriais M. Hamers, Rio de Janeiro, was increased from 33.33 per cent to 100 per cent. In Santiago de Chile, on November 20, 1968, the BASF Group acquired 50 per cent of the shares of Aislantes Aislapol S.A. C.e.I. and its subsidiary, Polimeros Nacionales S.A. C.e.I., which are the leading manufacturers and processors of expandable polystyrene in Chile. In view of the growing needs and possibilities of the markets in these three South American countries,

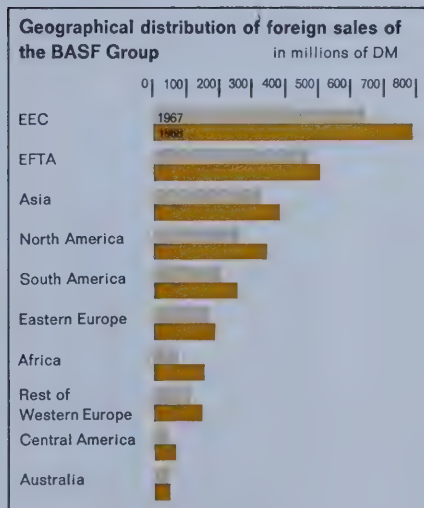


Dividend

	1964	1965	1966	1967	1968
DM per DM50 share			10	10	11
in per cent	20	20	20	20	22
Total in millions of DM	160	200	230	236	263



Sales	in millions of DM	
	1967	1968
BASF Group	4,674	5,580
Domestic	2,371	2,759
Foreign	2,303	2,821
Domestic manufacturing companies	4,265	5,019
Share of exports	1,894	2,260
Foreign manufacturing companies	409	561
BASF AG	3,517	4,057
Share of exports	1,677	1,978



further extensions are being made to existing facilities and new lines are being incorporated in the production programmes. It is planned to invest a total of DM60,000,000.

In Australia, too, the production programme of Badocol will be enlarged following the acquisition of all its shares by the BASF Group.



Important domestic acquisitions

At the end of 1968 the negotiations between Wintershall AG, Kassel, and BASF about the merger of the two Groups were concluded. About two thirds of the Wintershall Group's operations are concerned with the production and processing of petroleum products, and about a third with the mining of potash and the manufacture of potash products and compound fertilizers. The Wintershall Group's 1968 turnover was approximately DM1,700,000,000.

As a result of this transaction BASF will possess, at the time this report goes to press, over 95 per cent of the shares of Gewerkschaft Wintershall which, in turn, holds 50 per cent of the equity of Wintershall AG (DM176,000,000). Moreover, BASF has acquired further shares through the stock exchange and as a result of an exchange of shares so that at the present time it has control, directly or indirectly, of more than 75 per cent of the common stock of Wintershall AG. Furthermore, a control agreement was concluded between the two companies which came into force on January 1, 1969. Wintershall AG has therefore been a member of the BASF Group since January 1, 1969 and January 24, 1969 by reason of the control agreement and shareholding respectively. This transaction is described in detail on pages 40 and 41 of this report.

In August 1968 BASF also acquired all the shares of Nordmark-Werke GmbH, Hamburg, and thus took a first step into

the field of pharmaceuticals. At the same time a Pharmaceuticals Division was formed within our company so that now all organisational steps have been taken to utilize the results of BASF's research in the pharmaceuticals sector. The acquisition of Nordmark was for the most part financed through the issue of BASF shares out of authorised capital in the amount of about DM20,000,000 at par.

In the surface coatings field, too, we were able to strengthen our position through the acquisition of more than 70 per cent of the shares of Herbol-Werke Herbig-Haarhaus AG, Cologne. Approximately DM50,000,000 in cash was employed for this purpose.

In November 1968 an Extraordinary General Meeting of Phrix-Werke AG, Hamburg, passed a resolution doubling the common stock capital from DM77,000,000 to DM154,000,000 at par, the new shares and thus 50 per cent of the increased capital being subscribed by The Dow Chemical Company, Midland, Michigan, U.S.A. The issue price of the new shares was approximately DM214 so that Phrix's equity base was considerably broadened.

Increasing research expenditure

Our expenditure on research in 1968 was DM264,000,000 compared with DM241,000,000 in the previous year. About 8750 persons were employed in the laboratories and pilot plants, nearly 1000 of them being science graduates. Extensive research work enabled rapid and effective progress to be made in new fields of interest for our company. We have attached particular importance to the development of high-quality products starting from our inexpensive base chemicals. We have started building another laboratory for research in the plastics field.

Capital expenditure

The total amount spent by the BASF Group in 1968 was DM677,000,000. In addition, DM213,000,000 was spent on new acquisitions. Of the sum of DM677,000,000 DM315,000,000 constituted our share of capital spending in subsidiaries and affiliated companies, the emphasis being on BASF Antwerpen, Rheinische Olefinwerke and Dow Badische.

BASF AG invested DM362,000,000 in tangible fixed assets, approximately DM90,000,000 less than planned. This difference is accounted for by the postponement of the construction of two large projects for base chemicals as a result of a new policy regarding the supply of raw materials for the Ludwigshafen works and in view of the merger with Wintershall.

Good trading results expected for 1969

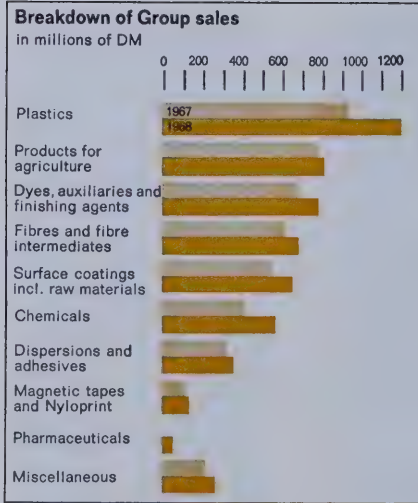
The positive trend continued in the first three months of 1969 and we expect that it will continue throughout the year although the trade policy measures taken by the government will increase costs.

Capital expenditure in Group companies totalling DM1,400 million is planned for 1969. Of this sum about DM600,000,000 will be spent by BASF AG at Ludwigshafen and Willstätt.

Manufacturing facilities at
Dow Badische Company,
Freeport, Texas



Fields of activity



Plastics

Plastics are in the process of becoming genuine engineering materials. The output of plastics has for a considerable time been higher in volume than that of non-ferrous metals and is already catching up with that of iron and steel. Three basic types, namely polystyrene, polyolefines and polyvinyl chloride, account for two thirds of the world's total production. The almost endless number of plastics is the result of a combination of these three types with other materials and of special reactions.

BASF as the largest manufacturer of plastics in Europe is playing a leading part in this development. The last few years saw above all the development of efficient processes and the construction of large economic manufacturing units, the aim being to stimulate the use of plastics by making available materials of all types and grades at attractive prices. In the case of polystyrenes, capacity per manufacturing unit has increased eightfold and in the case of low-density polyethylene fivefold in the course of five years. With regard to the third important plastic, polyvinyl chloride, we have developed a process which enables us to manufacture more economically a product of improved quality. A fair share of all these benefits has been passed on to our customers.

Because of our efficient world-wide distribution network we are in a position to ensure prompt delivery. Where markets or foreign-exchange considerations made

it necessary, additional manufacturing plants abroad were built or planned. This is particularly true of our expandable polystyrene, ®Styropor, with which we occupy a leading position in the world, and of our low-density polyethylene, ®Lupolen.

In 1968 we were again able to expand business in the plastics field to an above-average extent. Whereas world production rose by only 17 per cent, we were able to increase sales by 40 per cent in terms of volume.

Task for the future – even more research

Further success in the plastics field will depend more than ever on a deeper understanding of the chemical structure of plastics because the optimisation of manufacturing processes – a sphere on which we have hitherto concentrated our research work – has reached a stage where little progress is likely to be made. Since no further price reductions are to be expected, the advance of plastics will depend on improvements in their properties. Our main aim therefore is to explain the mechanisms involved in the formation of plastics in order to develop new engineering materials having specific properties, i. e. tailor-made plastics. In addition, we will continue to pay particular attention to applications technology and will make those changes to our range of plastics which appear necessary as a result of our work in this field.



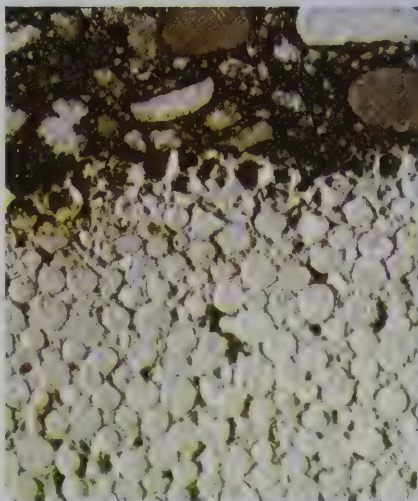
Styropor concrete sub-grade for railway tracks

Styropor concrete with asphalt surface (cross-section)

New developments

In 1968, too, we introduced quite a number of products for interesting new applications. One of these is Styropor lightweight concrete which combines the excellent insulating properties of Styropor with the strength of concrete. It is used particularly as a frost-free sub-base in roads and railway tracks and as an economical building component.

A promising development in the polyolefine field is our [®]Novolen which can be offered at a favourable price thanks to an elegant production method. Since Novolen, in addition to being cheap, is





Novolen split fibre



Lupolen plastic drums

easy to process and articles made from it have good properties, it has found, within a short period of time, a large number of important uses, e. g. woven sacks, water-resistant dimensionally stable wall-to-wall carpeting, harvesting twine, ropes and packaging straps.

An interesting application for our ®Lucobit, a mixture of special Lupolen and bitumen, is in the construction of pump storage stations and long-distance water pipelines. Its commercial use will open up a wide field of activity for us and our customers.

In the period under review we introduced

a new application for high molecular weight Lupolen and we expect that it will be used commercially on a very large scale, namely for the production of large, corrosion-resistant drums and containers. The demand for these products was so great that both we and the processors had to take immediate steps to increase capacity considerably. High molecular weight Lupolen is also used for the production of pipes and in the automobile industry.

Sales of ®Palatal, our polyester resin, also markedly improved, in particular for industrial applications. By way of illus-

tration, we would like to draw attention to its use in our Ludwigshafen works where for the first time a self-supporting chimney stack of Palatal nearly 150 ft in height has been erected.

We expect vigorous expansion in polyesters because a number of new developments will soon be bearing fruit. This

trend is being encouraged by the fact that we have developed new processes for making the base chemicals which have put us in a leading position on the world market, particularly with regard to phthalic anhydride. A large number of big firms have already acquired a licence for this process.



◀ Winding the Palatal chimney stack
Palatal chimney stack in the phthalic acid plant ▶



Fibres and fibre intermediates

The importance of synthetic fibres in our daily life is increasing steadily. They keep up with the rise in demand due to the world's rapidly growing population and the ever increasing needs of the industrial countries. The extremely large variety of textile materials is inconceivable without the outstanding properties of synthetic fibres.

BASF's fibre activities are in the hands of three affiliated companies, Dow Badische Company, U.S.A., Phrix-Werke AG, Hamburg, and Lurex N.V., Amsterdam. BASF and Dow have had 50 per cent holdings in Dow Badische and Lurex for some time; since November 1968 the same ratio has applied at Phrix. Close cooperation between these three fibre manufacturers is thus ensured.

At Phrix and Dow Badische – where output is chiefly intended for the important West European and US markets – all important synthetic fibres will be manufactured on such a scale that we will benefit from the rapid expansion of the fibre market. Moreover, we have concentrated on those specialty products in which we hold a particularly strong position thanks to our own development work.

As regards cellulosic fibres which are yielding a low profit at the present time, a number of interesting special grades are under trial at Phrix. After the increase in equity of DM165,000,000 as a result of the capital increase of November 1968 Phrix now has the capital resources to press on with the planned invest-

ments in the Neumünster and Krefeld works.

On the fibre intermediates side we were able to start the production of caprolactam in the newly built plants at BASF Antwerpen and Dow Badische Company just in time to meet the rise in demand.

©Lurex material on display in New York store window





◀ Luviskol ingredient for hairsprays

Silver catalyst for the production of formaldehyde ▶

Dispersions and adhesives

The expansion of business in the dispersions field was assisted by the increasing use of textile floor coverings which raise the standard of comfort in the home, e. g. by reducing noise and providing for warmth underfoot. The materials are no longer woven, but the fibres are simply entangled by punching needles through a web of them to give a non-woven fabric and then firmly bonded together with special polymer dispersions. Our ®Acronal and ®Lutofan grades and our new ®Butofan range are particularly suitable for this purpose. Special Acronal

grades that do not age are used as adhesives for self-adhesive floor tiles which can be taken up even after a long time and, with the same adhesive layer, stuck down again.

In the field of surface coatings, too, a new BASF product has gained very wide acceptance and has already become a mainstay in this line of business.

Another successful product is our ®Luviskol, the essential ingredient of present-day hair sprays.

Several years ago BASF chemists discovered that vinylpyrrolidone polymers, the structure of which resembles that of



human hair, have valuable hair-setting properties. Today we manufacture quite a number of special formulations of the product to meet the various needs of the cosmetics industry.

Our ®Kaurit, ®Kauresin and ®Kauramin glues and adhesives for the woodworking industry are condensation products with formaldehyde. We have developed an economic process for the production of formaldehyde with the result that price reductions have been possible in this field. This has caused many of our customers to stop producing adhesives themselves.



Testing the colour of Glasurit paints

Surface coatings and surface coating raw materials

The large increase in turnover in this field was brought about particularly by the upward trend in the automobile industry. Growth also occurred in the case of those solvents which are chiefly absorbed by this branch of industry. Since very rapid progress is being made in applications technology in the surface coatings field, it is very useful for us to be able to develop new applications and the neces-

sary products and specifications in close cooperation with our subsidiaries. Recently, electrostatic coating processes in particular have been increasing in importance. One of these is paint plating in which electric forces are used to deposit the paint from an aqueous solution. The advantages of this method are that no special solvents are necessary and that it gives complete overall coverage, even in corners and on edges, with a particularly firmly adhering uniform film.



Application of paint in an electrostatic field

This new method has already proved to be outstandingly suitable for priming automobile bodies. We have developed high-quality water-soluble acrylate resins for this purpose which are suitable as one-coat finishes. Appropriate grades are sold under the name of ®Luhydran.

Another new process is the electrostatic application of powders. Here again, we are concentrating our development work on acrylate resins which have better weather resistance and colour fastness than the products hitherto employed. Since the paint is applied in an electrostatic field, no material is lost so that this technique can be used with particular advantage for coating wire netting, tubular steel furniture and articles made from sections.

Dyes, auxiliaries and finishing agents

The trend towards coloured magazines, packagings and catalogues continued and resulted in non-textile dyes and pigments having particularly high growth rates.

A sizable expansion of our facilities for the production of basic dyes which are chiefly used for printing packaging film was completed in time for us to be able to take full advantage of this development. Better solubility and the introduction of new formulations of high tinctorial strength have improved our position on the market.

Moreover, we are in a position to offer a complete range of high-quality pigments for letterpress, offset, intaglio and flexo-

graphic printing. Here we have attached particular importance to good flow behaviour in order to ensure high printing speeds, and to ready dispersibility which is necessary in order to achieve brilliant prints. Today more than 20 per cent of our total dye output goes into the printing ink industry.

The growth rates in respect of our ranges of dyes for synthetic fibres which are being continually complemented by specialty products were also above-average. We are encouraging this rapid growth by constantly developing new techniques for our customers. For example, in the spring of 1968 we presented our new ®Defitherm process for dyeing polyacrylonitrile to the textile industry. It gained very rapid acceptance and today is generally acknowledged as being the most reliable dyeing process for this type of fibre.

Our work on the easy-care finishing of cellulose or polyester/cotton union cloth whose attractive features are much improved by treatment with finishing agents is of great importance. In this field our ®Fixapret, ®Kaurit, ®Lurotex and ®Perapret brands have gained world-wide renown. Last year, too, we made further extensions to our facilities and added to our range of products.

On the leather side we strengthened our activities by acquiring or constructing further manufacturing plants abroad which



Variety In printing Inks

will produce in particular syntans and pigment formulations. In the U.S.A. we are in a good position to serve the market with a complete range of products as a result of the acquisition of Carlstadt Leather Finishes Co. and Hofford Varnish Co. Our position in this important field is equally good in Brazil by virtue of our having increased our interest in Companhia de Productos Chimicos Industriaes M. Hamers to 100 per cent.

In the paper field, paper machines with higher and higher operating speeds and the trend towards the wider use of coated paper and brilliant colour reproduction necessitate the use of a great variety of auxiliaries and finishing agents. In view of these developments we have evolved our ®Polymin and special ®Acronal brands which are selling well and have very satisfactory growth rates.



Dyed synthetic fibres



Products for agriculture

Fertilizers

Competition on the fertilizer market last year forced us to reduce prices to a much greater extent than the changes in Turnover Tax Law afforded us in the way of tax relief. The resultant loss in sales revenues at home could not be offset by the considerable increase in export sales which were made possible by the start of production at BASF Antwerpen. Our merger with Wintershall offers new possibilities of further streamlining production and distribution.

At our Agricultural Experimental Station in Limburgerhof work is being carried out on the development of new efficient methods of fertilizing. Particular attention is being paid to methods of applying fertilizer solutions.

Animal feeds

In the field of animal feed supplements we will be able to strengthen our position throughout the world when our facilities for the production of vitamin A and vitamin E which are now under construction go on stream. Vitamin A in particular is increasing in importance; already 80 per cent of the total output is going into agriculture.



Substantially mechanised plant tests

Plant protection agents

The continued marked increase in sales emphasises the growing importance of this field. We are paying particular attention to the development of selective herbicides which keep crops free from weeds and thus not only increase yields but also reduce labour costs to a considerable extent. For example we have been able to extend our range of plant protection agents by the addition of ®Basanor, a selective herbicide for controlling broadleaved and grassy weeds in winter cereals.

®Cycocel, an agent for improving the resistance of wheat to lodging, has now also been successfully used on rye.

®Calixin and BASF mildew agents constitute a new group of fungicidal active ingredients introduced by us for plant protection. These agents have excellent plant compatibility and are suitable for controlling powdery mildew in cereals and vegetables as well as in roses and ornamentals.



Filling ampoules at Nordmark-Werke, Uetersen, Holstein

Pharmaceuticals

Following the acquisition of Nordmark-Werke with such established products as ®Aktivanad and ®Enzynorm we will increase our activities in this sector. The results of our research which were previously utilised only by way of licensing can now be used internally.

We expect that the knowledge of the market provided by Nordmark-Werke and the intensification of pharmacological and medical research at our Ludwigshafen works will stimulate business in this field.

BASF magnetic recording media

The more rapid the retrieval of stored information, the higher the efficiency of data-processing equipment; high retrieval speeds are of decisive importance for the economic operation of such facilities. We responded to this development at the beginning of 1968 by introducing magnetic disc packs with six superposed discs. At the end of the year disc packs with eleven discs which cut retrieval times even further were introduced. The overall increase in sales of our range of storage media was above average, domestic sales accounting for a particularly large share. The facilities in Ludwigshafen and Willstätt and at our French subsidiary, Suma, were

working at full capacity. In order to keep pace with rising demand, we have started making substantial extensions in Willstätt to increase capacity.

Nyloprint

The construction of our commercial plant for the manufacture of [®]Nyloprint printing plates in Willstätt was completed on schedule and production has started. Research and development work in the field of photopolymer plates has been further intensified in order to find new applications for these products in the printing trade.

In field tests Nyloprint proved to be superior to conventional plate material. The test results obtained in multicolor newspaper printing received particular attention. Considerable interest is therefore being shown in the plates produced at Willstätt. At the present time Nyloprint is being introduced in all West European countries. The present annual report was printed with Nyloprint plates.



◀ Magnetic disc pack
for electronic data-processing equipment

Multicolor newspaper printing with Nyloprint ▶



Chemicals and raw materials

Chemicals again had an above-average growth rate. This is particularly true of the high-quality products for the cosmetics and pharmaceuticals industries and of intermediates for plant protection agents. The 10,000 tons/year plant (completed at the end of the year) for ethylhexoic acid whose cobalt salt is chiefly used as a drier for air-drying paints has gone on stream.

In the field of ethylene oxide derivatives we have improved our position by extending our range of antifreezes and by developing new brake fluids for heavy-duty brakes.

Raw materials

The emphasis of our research in the petrochemicals field is being placed on the development of new processes for the production of ethylene and acetylene. Since there is an indication that supplies of naphtha, the feedstock which is being used at present, are running low, the switchover to other petroleum derivatives is in preparation in order to ensure the future availability of cheap feedstocks. Bearing this development in mind, we have evolved two new processes. Although they have only been tried out on a semi-commercial scale, considerable interest has been shown in them by industry. Last year two commercial plants for the production of urea and melamine went on stream. New commercial manufacturing facilities for methanol, ammonia and dry ice are under construction. Sales of the

noble gas argon expanded to such an extent that the capacity of our plant had to be increased once again. Argon is being used on an increasing scale for welding and metallurgical purposes.

Power

The supply of cheap power is of decisive importance for our company. All of the steam and most of the electricity we need are generated by ourselves; over 50 per



New urea plant at our Ludwigshafen works

cent of each of these utilities is obtained from coal through the link-up with our subsidiaries Auguste Victoria and BASF Kraftwerk Marl. As a result of our considerable investments and extensive rationalisation Auguste Victoria has become one of the most efficient collieries in the Ruhr. These two subsidiaries are therefore of great significance for our energy supply.

As already reported on several occasions, we are going ahead with plans to build a nuclear power station to make use of the energy source of the future. This power station will supplement our conventional ones. Conditions for utilising nuclear power are particularly favourable at Ludwigshafen.

Important direct and indirect subsidiaries and affiliated companies

Merger with Wintershall AG

The share capital of Wintershall AG is DM176,000,000; 50 per cent of this amount is held by Gewerkschaft Wintershall and the remaining 50 per cent was previously widely distributed. Of the 3,000 shares of Gewerkschaft Wintershall, 1,514 (= 50.466 per cent) were owned by Gewerkschaft Thea; shares in Gewerkschaft Thea constituted the main portion of the Rosterg estate. Gewerkschaft Thea and BASF have concluded an Amalgamation Agreement under which the assets of Gewerkschaft Thea, including the 1,514 shares in Gewerkschaft Wintershall mentioned above, have been acquired by BASF. The Amalgamation Agreement was ratified by an Extraordinary General Meeting of Gewerkschaft Thea on November 19, 1968 and by an Extraordinary General Meeting of BASF on December 20, 1968. The Agreement was registered on January 24, 1969 and thus became effective on this day. At the beginning of 1969 BASF acquired, under share exchange agreements, further shares in Gewerkschaft Wintershall, the result being that BASF now holds more than 95 per cent of the capital of Gewerkschaft Wintershall.

To protect the Wintershall shareholders not involved in the transaction, a Control Agreement has been concluded between Wintershall AG and BASF AG, under which the Executive Board of Wintershall AG submits control of the company to that of BASF AG. This Control Agreement was ratified by an Extraordinary

General Meeting of Wintershall AG on December 19, 1968 and by an Extraordinary General Meeting of BASF AG on December 20, 1968. The Agreement was registered on December 30, 1968 and became effective on January 1, 1969. Whereas the resolution of the BASF shareholders was not opposed, a Wintershall AG shareholder brought an action to invalidate the resolution of the Extraordinary General Meeting of Wintershall AG; this action does not, however, prevent the Control Agreement from being implemented.

Under the Control Agreement, the non-involved Wintershall shareholders have the right to exchange their Wintershall shares for BASF shares at the rate of 9 BASF shares for every 10 Wintershall shares; the Agreement also provides for a dividend guarantee for these Wintershall shareholders for a period of 30 years, also based on this 10:9 ratio. Three Wintershall AG shareholders have petitioned the District Court in Hanover to investigate the fairness of the said ratio.

In order to be able to make BASF shares on the basis of 10 Wintershall shares to every 9 BASF shares available to the previous holders of shares in Gewerkschaft Thea, to the non-involved holders of shares in Gewerkschaft Wintershall and to the free Wintershall shareholders willing to exchange shares, the Extraordinary General Meeting of BASF on December 20, 1968 created conditional capital of up to about DM164,000,000 at par.

At the time of the amalgamation of Gewerkschaft Thea with BASF, Wintershall AG and one of its wholly-owned subsidiaries held 83 shares in Gewerkschaft Thea. Part of this holding is a result of an agreement relating to the distribution of the Rosterg estate, under which the conflict between Wintershall and the son of the founder of the company was able to be settled and under which the succession of Wintershall AG to the remaining estate of the founder was accepted and anticipated. In exchange for the 83 shares in Thea, new BASF shares from conditional capital in the value of approximately DM42,000,000 at par passed to Wintershall AG and its subsidiary.

BASF AG
6700 Ludwigshafen
Capital stock: DM1,197,908,400

Important Subsidiaries and Affiliated Companies

Domestic

Glasureit-Werke M. Winkelmann AG 100 %
Hamburg
Capital stock: DM48,000,000

Gewerkschaft Auguste Victoria 100 %
Marl i. W.
Capital: DM30,000,000

BASF Kraftwerk Marl GmbH 100 %
Marl i. W.
Common stock: DM25,000,000

Nordmark-Werke GmbH 100 %
Hamburg
Common stock: DM13,900,000

Dr. Beck & Co. AG 100 %
Hamburg
Capital stock: DM3,000,000

Chemische Düngerfabrik Rendsburg 100 %
Rendsburg
Capital stock: DM1,200,000

Herbol-Werke Herbig-Haarhaus AG approx. 72 %
Cologne
Capital stock: DM10,000,000

Phrix-Werke AG 50 %
Hamburg
Capital stock: DM154,000,000

Rheinische Olefinwerke GmbH 50 %
Wesseling
Common stock: DM140,000,000

Chemische Fabrik Holten GmbH 46 %
Oberhausen-Holten
Common stock: DM8,000,000

Duisburger Kupferhütte approx. 31 %
Duisburg
Capital stock: DM42,000,000

Cassella-Farbwerke Mainkur AG approx. 25 %
Frankfurt am Main-Fechenheim
Capital stock: DM34,100,000

Foreign

BASF Antwerpen N. V. 100 %
Antwerp, Belgium
Capital: Belgian Francs 1,500,000,000

Suma S. A. 100 %
Gien, Loiret, France
Capital: French Francs 6,000,000

BASF Española S. A. 75 %
Barcelona, Spain
Capital: Pesetas 180,000,000

Ammoniak Unie N. V. 50 %
Utrecht, Netherlands
Capital: Dutch Florins 16,000,000

Compagnie Chimique de la Méditerranée 50 %
Berre-l'Étang, France
Capital: French Francs 30,000,000

Dispersions Plastiques S. A. 50 %
Paris, France
Capital: French Francs 3,300,000

Badische Phillips Petroleum N. V. 50 %
Antwerp, Belgium
Capital: Belgian Francs 200,000,000

Danubia Olefinwerke Ges. m. b. H. 50 %
Schwechat near Vienna, Austria
Capital: Austrian Schillings 10,000,000

BASF India Ltd. 50 %
Bombay, India
Capital: Indian Rupees 7,000,000

BASF Overzee N. V. 100 %
Willemstad, Netherlands Antilles
Capital: Netherlands Antilles Florins 76,687,000

BASF Corporation 100 %
New York, N. Y., U. S. A.
Capital: U. S. Dollars 4,100,000

BASF Computron Inc. 100 %
Bedford, Mass., U. S. A.
Capital: U. S. Dollars 3,072,300

Dow Badische Company 50 %
Williamsburg, Va., U. S. A.
Capital: U. S. Dollars 78,302,000

Lurex N. V. 50 %
Amsterdam, Netherlands
Capital: Dutch Florins 10,128,000

BASF Chemiewerte AG 100 %
Zürich, Switzerland
Capital: Swiss Francs 10,000,000

Badocol Chemicals Pty. Ltd. 100 %
Altona, Victoria, Australia
Capital: Australian Dollars 1,000,000

Yuka Badische Company Ltd. 50 %
Yokkaichi, Mie, Japan
Capital: Yen 400,000,000

BASF Transatlantica S. A. 100 %
Panama
Capital: U. S. Dollars 2,000,000

BASF Mexicana S. A. 100 %
Sta. Clara, Edo. de México
Capital: Mexican Pesos 15,000,000

BASF Brasileira S.A. Indústrias Químicas, Guaratinguetá, Brazil 100 %
Capital: New Cruzeiros 6,360,000

Sulfisud Fábrica Argentina de Hidrosulfito y Afines S. A., Buenos Aires, Argentina 50 %
Capital: Argentinian Pesos 67,000,000

Domestic

Glasureit-Werke M. Winkelmann AG, Hamburg

Holding acquired:	1965
Share capital:	DM48,000,000
Holding:	100 per cent
Products:	Surface coatings
Employees:	2,812
Sales:	DM194,900,000
Capital expenditure:	DM5,600,000

This subsidiary increased its sales by 13.5 per cent as compared with the previous year. Together with its domestic and foreign subsidiaries it attained group sales of DM216,800,000. Exports, with an increase of 22 per cent, were again particularly successful. The subsidiary Glasurit Combilaca S. A. Industria de Tintas, São Bernardo do Campo, Brazil, a company with 235 employees, was able to expand its trade volume by 12 per cent. Turnover at Glasurit Italiana S. R. L., Rome, rose by 14.8 per cent. Profits after taxes were DM17,300,000; DM2,000,000 of this amount was allocated to the free reserve. The Company in General Meeting again declared a dividend of 20 per cent, i. e. DM9,600,000, to be paid, and passed a resolution allocating a further DM3,500,000 to the free reserve.

Gewerkschaft Auguste Victoria, Marl i. W.

Holding acquired:	1907/1953
Capital:	DM30,000,000
Holding:	100 per cent
Products:	Coal
Employees:	5,332
Sales:	DM148,800,000
Capital expenditure:	DM1,200,000

A high degree of modernisation coupled with satisfactory sales again enabled this subsidiary to achieve good results, although capacity was not fully employed. Even after an increase in 1967 of 20.8 per cent in the output per man and per shift, output again rose by 6.7 per cent to 3.961 tons, which was 8.8 per cent higher than the Ruhr average. The amount of coal mined – 2,500,000 tons – was the same as in 1967.

Turnover was down by 4.8 per cent on the previous year, when the remaining coke supplies were sold. Profits after taxes were DM11,000,000, which is roughly the same figure as that for 1967. Including profit carried forward of DM2,700,000, annual net earnings of DM13,700,000 were achieved which were carried forward to new account.

BASF Kraftwerk Marl GmbH, Marl i. W.

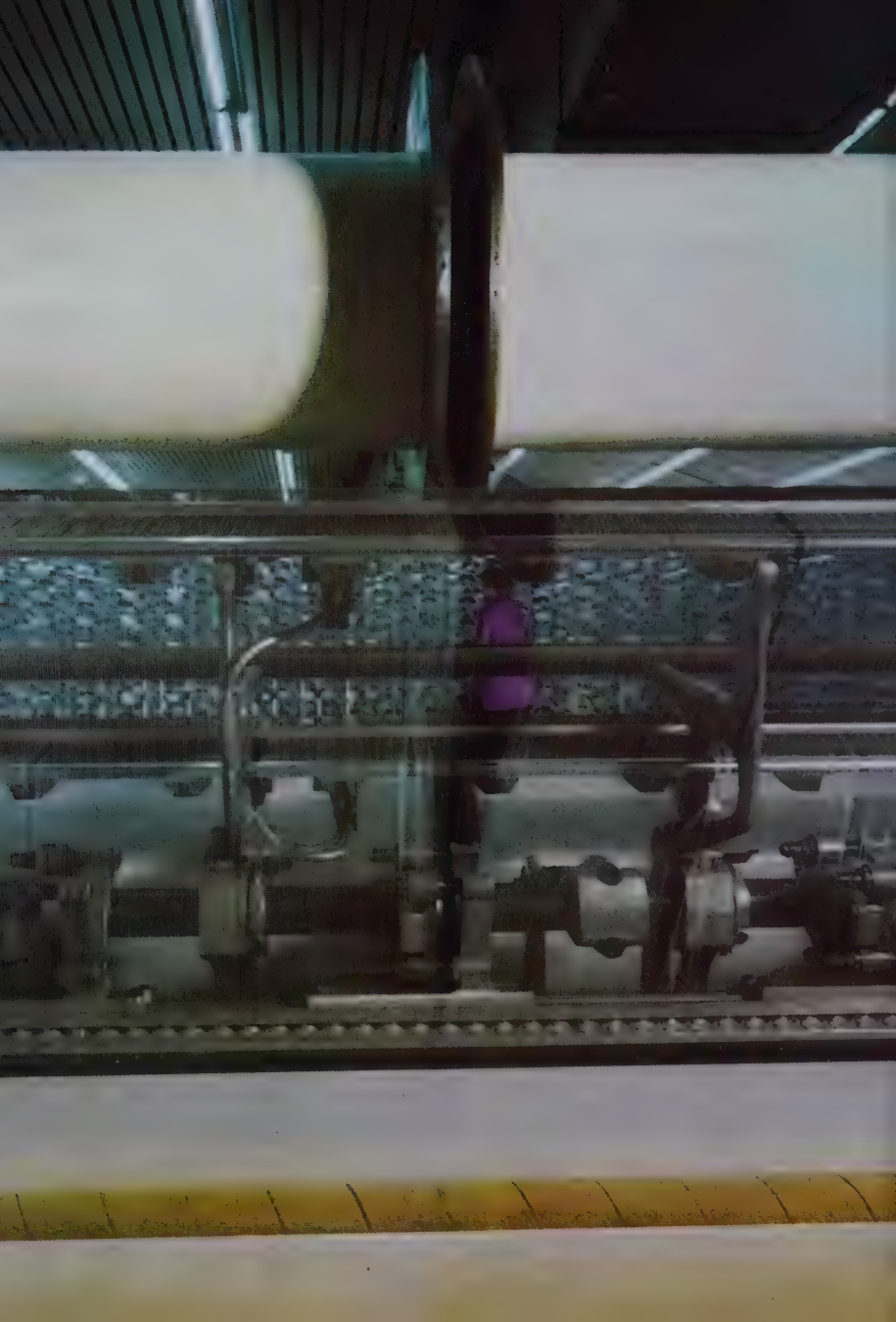
Holding acquired:	1962
Capital:	DM25,000,000
Holding:	100 per cent
Products:	Electricity
Employees:	219
Sales:	DM47,300,000
Capital expenditure:	DM300,000

1,241 million kilowatt hours of the total production of 1,427 million kilowatt hours were supplied through Rheinisch-Westfälische Elektrizitätswerke AG's network to Ludwigshafen, thus providing a quarter of the electricity needed by the Ludwigshafen works. 84 million kilowatt hours were supplied to Gewerkschaft Auguste Victoria which in turn provided the power station with 675,000 tons of low-grade coal, fully meeting its fuel requirements. A profit of DM1,300,000 was made.

Nordmark-Werke GmbH, Hamburg

Holding acquired:	1968
Capital:	DM13,900,000
Holding:	100 per cent
Products:	Pharmaceuticals
Employees:	854
Sales:	DM53,500,000
Capital expenditure:	DM2,200,000

Close cooperation, particularly in research, was initiated by BASF after acquisition of all the shares. Annual net profits in the year under review are DM5,300,000; the capital was increased to DM20,000,000 through capitalisation of retained earnings.



Dr. Beck & Co. AG, Hamburg

Holding acquired:	1967
Share capital:	DM3,000,000
Holding:	100 per cent
Products:	Insulating varnishes and synthetic resins for the electrical industry
Employees:	257
Sales:	DM23,800,000
Capital expenditure:	DM500,000

The position of this subsidiary on the domestic and foreign markets was further strengthened. Domestic sales rose by 17.8 per cent as compared with the previous year. Exports were down 11.4 per cent as a result of a decrease in supplies to foreign subsidiaries.

Profits after taxes in 1968 were DM1,100,000.

Chemische Düngstoffabrik Rendsburg, Rendsburg

Holding acquired:	1965
Share capital:	DM1,200,000
Holding:	100 per cent
Products:	Fertilizers and special glues
Employees:	236
Sales:	DM22,900,000
Capital expenditure:	DM2,600,000

Profits of approximately DM73,000 were achieved, reducing the balance sheet loss (taking the loss carried forward into account) to approximately DM441,000.

Herbol-Werke Herbig Haarhaus AG, Cologne

Holding acquired:	1968
Share capital:	DM10,000,000
Holding:	approx. 72 per cent (Farbenfabriken Bayer AG: 25 per cent; rest held by others)
Products:	Industrial paints, paints for the building industry, emulsion paints
Employees:	1,458
Sales:	DM91,800,000
Capital expenditure:	DM3,400,000

About the middle of the year a marked upswing in the industrial paints sector occurred. Paints for the building industry continued to go through a slack period, with the result that the turnover increased by only 1 per cent as compared with the previous year.

Profits after taxes were DM2,400,000.

Phrix-Werke AG, Hamburg

Holding acquired:	1967
Share capital:	DM154,000,000
Holding:	50 per cent (The Dow Chemical Company: 50 per cent)
Products:	Man-made fibres, cellulose, viscose sponges, cellulose derivatives, paper; at subsidiaries: special machines for the man-made fibre industry; construction of pipelines and steel structures
Employees:	8,115
Sales:	DM252,300,000
Capital expenditure:	DM33,800,000

The upward economic trend in the Federal Republic had a favourable effect on all of Phrix-Werke AG's activities, enabling sales to be increased by DM49,800,000, as compared with the previous year.

Man-made fibres played the most significant part in this growth. Trade in cellulose was able to be expanded as a result of stable prices and a number of newly-developed special brands. Phrix Group sales, however, only rose by DM26,500,000 to DM325,700,000 due to a reduction in turnover by subsidiaries and affiliated companies of DM21,500,000. The metal-working companies in particular were affected by this decrease.

In spite of good sales and the positive effects of rationalisation, a new loss at Phrix-Werke AG of DM17,500,000, including however the costs of the November 1968 capital increase, proved to be inevitable. The main reasons for this are severe price erosion, lower income from subsidiaries and affiliated companies and increased depreciation as a result of larger investments.

Rheinische Olefinwerke GmbH, Wesseling, Cologne (ROW)

Holding acquired:	1953
Capital:	DM140,000,000
Holding:	50 per cent (Deutsche Shell AG: 50 per cent)
Products:	Polyethylene, ethylbenzene, epoxy resins, polyisobutylene, butadiene
Employees:	2,605
Sales:	DM493,500,000
Capital expenditure:	DM124,600,000

Sales of low- and high-density polyethylene, which BASF sells under the name of ®Lupolen, increased by 50 per cent in 1968. The rise in demand enabled price levels to be stabilised. The polyisobutylene ®Oppanol B sold well as an insulating material in the sheeting and electrical industries; a consequence of this was that the plant which went on stream in 1967 worked at full capacity. Sales of ®Epikote synthetic resins marketed by Deutsche Shell Chemie GmbH significantly exceeded 1967 sales while prices remained stable.

Further extensions to capacity are in progress. Plans for 1969 include not only an extension of polyethylene capacity, but also the commissioning of plants for the production of polypropylene (®Novolen), ethylbenzene and styrene.

Trading results fulfilled our expectations.

Chemische Fabrik Holten GmbH, Oberhausen-Holten

Holding acquired:	1930/1953
Capital:	DM8,000,000
Holding:	46 per cent, incl. loans granted by partners (Ruhrchemie AG: 29 per cent; Th. Goldschmidt AG: 25 per cent)
Products:	Ethylene oxide and derivatives
Employees:	148
Sales:	DM61,200,000
Capital expenditure:	—

A company meeting in November 1968 passed a resolution to wind up the company on December 31, 1970 as economic production is no longer ensured. Care has been taken to provide alternative employment for the personnel.

Duisburger Kupferhütte, Duisburg

Holding acquired:	1876/1953
Capital stock:	DM42,000,000
Holding:	30.97 per cent (Farbenfabriken Bayer AG: 30.97 per cent; Farbwerke Hoechst AG: 30.97 per cent; 7.08 per cent held by others)
Products:	Iron, non-ferrous metals and chemical products
Employees:	4,091
Sales:	DM420,000,000
Capital expenditure:	DM21,500,000

Sales rose by 7.8 per cent, thanks to an improved price situation and an increase in the amounts of pig-iron, copper and silver sold. Profits after taxes were DM3,300,000, so that payment of a dividend can be expected for 1968 in contrast to the previous year.

Cassella Farbwerke Mainkur Aktiengesellschaft, Frankfurt am Main-Fechenheim

Holding acquired:	1956
Capital stock:	DM34,100,000
Holding:	approx. 25 per cent (Farbenfabriken Bayer AG: approx. 25 per cent; Farbwerke Hoechst AG: approx. 25 per cent; rest held by others)
Products:	Dyes, textile auxiliaries and finishing agents, synthetic resins, intermediates, chemicals and pharmaceuticals
Employees:	2,182
Sales:	DM134,400,000
Capital expenditure:	DM8,700,000

In 1968 a dividend of 19 per cent was paid for 1967. A rise in turnover in 1968 of 7.4 per cent was achieved. Together with domestic and foreign subsidiaries a turnover of DM251,800,000, representing a growth rate of 9.3 per cent, was recorded. Profits after taxes for 1968 were DM8,600,000. Payment of a dividend of 19 per cent for 1968 has been proposed.

Foreign

BASF Antwerpen N. V., Antwerp, Belgium

Holding acquired:	1964
Capital:	Belgian Francs 1,500,000,000
Holding:	100 per cent
Products:	Nitrophoska, caprolactam, ammonium sulphate, low-density polyethylene and vinyl chloride
Employees:	1,716
Sales:	Belgian Francs 2,728,200,000
Capital expenditure:	Belgian Francs 812,600,000

In 1968 the company produced the compound fertilizer Nitrophoska, ammonium sulphate, caprolactam, low-density polyethylene, sulphuric acid, phosphoric acid, nitric acid, chlorine, caustic soda solution and cyclohexanone, the plants working at near capacity. With the commissioning of these plants the first phase in BASF's largest foreign project up to now has been concluded. Erection of new plants for the production of ethylene oxide and glycol has commenced.

Badische Phillips Petroleum N. V., Antwerp, Belgium

Holding acquired:	1966
Capital:	Belgian Francs 200,000,000
Holding:	50 per cent (Phillips Petroleum Company: 50 per cent)
Products:	Polyvinyl chloride
Employees:	(operated by BASF Antwerpen N. V.)
Sales:	Belgian Francs 40,000,000
Capital expenditure:	Belgian Francs 107,500,000

The polyvinyl chloride plant on the site of BASF Antwerpen N. V. started up on schedule in the spring of 1968. Difficulties occurred with the delivery of raw materials bought externally. The polyvinyl chloride is sold by the two partners in equal shares.

Ammoniak Unie N.V., Utrecht, Netherlands

Holding acquired:	1965
Capital:	Dutch Florins 16,000,000
Holding:	50 per cent (Mekog: 50 per cent)
Products:	Ammonia
Employees:	38
Sales:	Dutch Florins 45,300,000
Capital expenditure:	Dutch Florins 1,700,000

Throughout the year the plant worked trouble-free and at full capacity. The ammonia produced (900 tons/day) is supplied to both parent companies.

Lurex N.V., Amsterdam, Netherlands

Holding acquired:	1967
Capital:	Dutch Florins 10,128,000
Holding:	50 per cent (The Dow Chemical Company: 50 per cent)
Products:	Metallised filaments
Employees:	284
Sales:	Dutch Florins 23,000,000
Capital expenditure:	Dutch Florins 4,900,000

As a result of strong competition and reduced demand for metallised filaments, sales did not come up to expectations.

Suma S.A., Gien, Loiret, France

Holding acquired:	1962
Capital:	French Francs 6,000,000
Holding:	100 per cent
Products:	Magnetic foil and tapes
Employees:	143
Sales:	French Francs 7,600,000
Capital expenditure:	French Francs 100,000

Full employment of the magnetic tape capacity led to a further plant extension. Rationalisation measures introduced at the beginning of the year had a very favourable effect on efficiency and profitability.

Compagnie Chimique de la Méditerranée, Berre-l'Etang, France

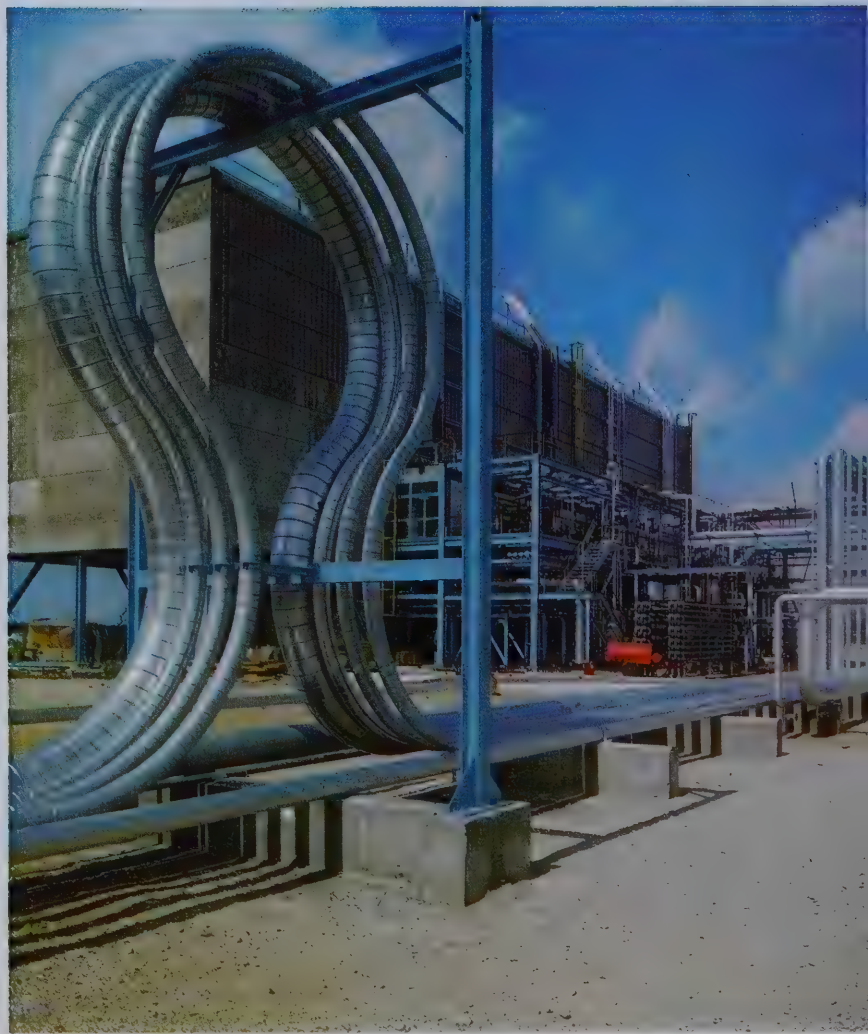
Holding acquired:	1966
Capital:	French Francs 30,000,000
Holding:	50 per cent (Shell Group: 50 per cent)
Products:	Low-density polyethylene
Employees:	66
Sales:	French Francs 1,900,000
Capital expenditure:	French Francs 18,200,000

The plant went on stream in February 1968 and the test runs have been completed. The capacity could not be fully employed as the raw materials supply from the neighbouring refinery was insufficient. The headquarters of the company were moved from Paris to Berre-l'Etang.

Dispersions Plastiques S.A., Paris, France

Holding acquired:	1958
Capital:	French Francs 3,300,000
Holding:	50 per cent (Sté. Ugine Kuhlmann: 50 per cent)
Products:	Styropor and polymer dispersions
Employees:	47
Sales:	French Francs 30,200,000
Capital expenditure:	French Francs 900,000

Turnover rose by 16.6 per cent, thanks mainly to a considerable increase in Styropor sales. The polymer dispersions facilities were working at full capacity.



BASF Española S. A., Barcelona, Spain

Holding acquired:	1966
Capital:	Pesetas 180,000,000
Holding:	75 per cent (Arrahona S. A.: 25 per cent)
Products:	Styropor, polymer dispersions
Employees:	382
Capital expenditure:	Pesetas 215,000,000

The sale of BASF products, previously handled by Unicolor S. A., was taken over by this company on January 1, 1969.

To take advantage of market opportunities, the distribution and production facilities are being rapidly expanded. Projected capital outlays run to more than pesetas 1,500,000,000. After completion of the first phase in the summer of this year the plants for the production of Styropor and polymer dispersions will go on stream. The construction of an integrated plant for the production of plasticisers for the plastics industry, including oxo alcohols and phthalic anhydride needed as starting materials, is planned in the second phase.

Danubia Olefinwerke Ges.m.b.H., Schwechat, near Vienna, Austria

Holding acquired:	1967
Capital:	Austrian Schillings 10,000,000
Holding:	50 per cent (Österreichische Stickstoffwerke AG: 50 per cent)
Products:	Low-density polyethylene
Employees:	28
Capital expenditure:	Austrian Schillings 150,000,000

Construction of a plant for the production of 66,000 tons/year of polyethylene is on schedule; the plant is expected to go on stream in the second half of 1969.

BASF Corporation, New York, N. Y., U. S. A.

Holding acquired:	1964
Capital:	U. S. Dollars 4,100,000
Holding:	100 per cent
Products:	Styropor, dyes, auxiliaries and finishing agents, polymer dispersions
Employees:	507
Sales:	U. S. Dollars 35,300,000
Capital expenditure:	U. S. Dollars 4,000,000

Company sales of imported BASF goods and products of their own manufacture rose by 43.5 per cent. In November 1968 all the shares of the two leather finish manufacturers, Carlstadt Leather Finishes Co. and Hofford Varnish Co., Carlstadt, N. J., were acquired; in the meantime the two companies have been integrated into the company as the "CLF Division".

Dow Badische Company, Williamsburg, Virginia, U. S. A.

Holding acquired:	1958
Capital:	U. S. Dollars 78,300,000
Holding:	50 per cent (The Dow Chemical Company: 50 per cent)
Products:	Acrylic acid, acrylates, butanols, caprolactam, polycaprolactam, man-made fibres
Employees:	2,195
Sales:	U. S. Dollars 65,400,000
Capital expenditure:	U. S. Dollars 30,600,000

Highlights of the year under review were a keen demand for chemicals and the commissioning of new fibre plants at Williamsburg, Virginia, and Anderson, South Carolina. Sales increased by 46.0 per cent.

BASF Computron Inc., Bedford, Mass., U. S. A.

Holding acquired:	1964
Capital:	U. S. Dollars 3,100,000
Holding:	100 per cent
Products:	Magnetic tapes and disc packs
Employees:	276
Sales:	U. S. Dollars 4,500,000
Capital expenditure:	U. S. Dollars 800,000

Sales were up by 14 per cent as a result of improvements in quality and the introduction of magnetic disc packs.

BASF Mexicana, Sta. Clara, Edo. de México, Mexico

Holding acquired:	1964
Capital:	Mexican Pesos 15,000,000
Holding:	100 per cent
Products:	Styropor, Styropor foams, textile auxiliaries and leather finishes
Employees:	95
Sales:	Mexican Pesos 13,900,000
Capital expenditure:	Mexican Pesos 15,400,000

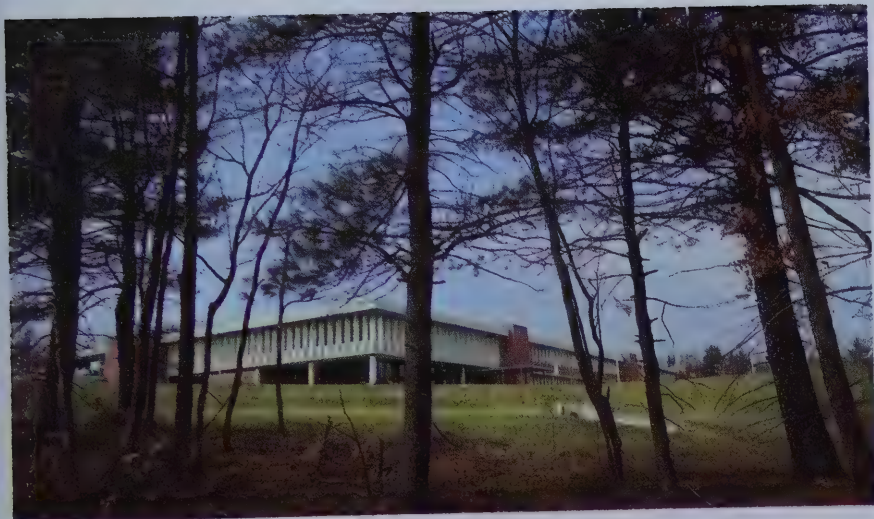
In order to streamline the operations of the BASF Group in Mexico, the company has also taken over the marketing of BASF products with effect from January 1, 1969. A considerable increase in turn-over was recorded. The major portion of the capital expenditure went into the construction of a new plant for the production of Styropor.

BASF Brasileira S. A., Indústrias Químicas, Guaratinguetá, Brazil

Holding acquired:	1955
Capital:	New Cruzeiros 6,400,000
Holding:	100 per cent
Products:	Styropor, polymer dispersions, reducing agents, leather, textile and paper auxiliaries and dyes
Employees:	406
Sales:	New Cruzeiros 21,300,000
Capital expenditure:	New Cruzeiros 1,400,000

On January 1, 1969 the company changed its name from Companhia de Produtos Químicos Idrongal to the above-mentioned designation.

Business was satisfactory. In addition to its previous operations, the company is now marketing imported BASF products in Brazil.



BASF Computron Inc., Bedford, Mass., U. S. A.

After the takeover of Companhia de Productos Chimicos Industriaes M. Hamers by the BASF Group, part of the former's production has been transferred to the Guaratinguetá works. Further products such as leather and textile auxiliaries have been incorporated into the production programme.

Since September 1968 the company has had a 100 per cent holding in Isopor-Ind. Com. de Plasticos S.A., São Bernardo do Campo, and in Isonor-Industria de Plasticos S.A., Recife, two companies which occupy a leading position in Brazil in the field of Styropor processing.



Sulfisud Fábrica Argentina de Hidrosulfito y Afines S. A., Buenos Aires, Argentina

Holding acquired:	1956
Capital:	Argentinian Pesos 67,000,000
Holding:	50 per cent (Bunge & Born Group: 50 per cent)
Products:	Dyeing assistants (hydrosulphite and ®Rongalit)
Employees:	31
Sales:	Argentinian Pesos 409,800,000
Capital expenditure:	Argentinian Pesos 900,000

A slight increase in turnover was recorded.

Yuka Badische Company Ltd., Yokkaichi, Mie, Japan

Holding acquired:	1962
Capital:	Yen 400,000,000
Holding:	50 per cent (Mitsubishi Petrochemical Company Ltd.: 50 per cent)
Products:	Styropor, polymer dispersions
Employees:	106
Sales:	Yen 2,838,800,000
Capital expenditure:	Yen 411,300,000

Business was encouraging. The sale of dispersions of its own manufacture was started at the beginning of 1968. A total increase in sales of 36.8 per cent was achieved; a decisive role in this growth was played by Styropor.

BASF India Ltd., Bombay, India

Holding acquired:	1960
Capital:	Indian Rupees 7,000,000
Holding:	50 per cent (Indian shareholders: 50 per cent)
Products:	Styropor, Styropor foams, tanning materials
Employees:	456
Sales:	Indian Rupees 10,200,000
Capital expenditure:	Indian Rupees 5,300,000

The company took over the marketing of BASF products in India from the beginning of 1968. Business in imported goods and goods of its own manufacture was satisfactory.

Badocol Chemicals Pty. Ltd., Altona, Victoria, Australia

Holding acquired:	1963
Capital:	Australian Dollars 1,000,000
Holding:	100 per cent
Products:	Styropor, polymer dispersions
Employees:	47
Sales:	Australian Dollars 1,600,000
Capital expenditure:	Australian Dollars 78,000

Output was increased to a considerable extent and was fully absorbed by the market.

Personnel

Number of employees	31. 12. 1968	Changes as compared with 31. 12. 1967 in %
BASF Group	71,729	+ 6.5
BASF AG	46,929	- 0.4

Employee categories at BASF AG	1968	1967
Payroll employees	17,493	17,715
Craftsmen	10,373	10,653
Apprentices	2,839	2,985
Salaried staff	11,931	11,517
Foremen	1,972	2,018
Senior staff	2,321	2,236
Total	46,929	47,124

The number of employees of the BASF Group rose from 67,339 as of December 31, 1967 to 71,729; the acquisition of Nordmark and Herbol contributed towards this increase of 6.5 per cent.

The number of employees at BASF AG dropped by 0.4 per cent from 47,124 to 46,929. 1,620 foreign workers (1,670 in the previous year) chiefly from Italy, Greece and Spain were employed at the Ludwigshafen works.

The length of service and age structure in our Company continues to be favourable; the average length of service is 12 years and the average age 37 years. Almost 14 per cent of our employees have been with the Company 25 or more years.

Employee turnover, at 8.5 per cent, is relatively low and decreased slightly in comparison with the previous year.

Personnel expenditure of the BASF Group increased by a total of 3.3 per cent to DM914,000,000. Wages and salaries alone rose by 3.6 per cent. As a result of the increased contribution rates to the national pension insurance scheme and the inclusion of all salaried persons in this scheme, compulsory welfare expenditure rose by 8.9 per cent. Changes required by law in the computation of pension provisions markedly reduced additions so that the total of Expenditure on Pensions and Assistance is down by 9.1 per cent. More than 6,800 employees used all or part of their annual bonus to acquire Company shares in the amount of DM3,300,000 at par; to date, Company shares in the amount of DM23,500,000 at par have been made available to our employees in this way. We estimate that nearly 25 per cent of our employees are BASF shareholders.

In addition to the usual bonus based on performance and length of service our employees were given DM100 each exclusively for investment under the Second Law relating to the Promotion of Private Saving and Investment by Employees. In 1968 13,548 BASF AG employees saved DM4,700,000 under this law; DM13,500,000 has hitherto been invested in this way.

Towards the end of the year redundancy protection agreements for industrial pay-



Retraining miners

roll employees and salaried staff were concluded in the chemical industry. These new agreements in particular provide for the protection of elderly employees against loss of earnings, lump-sum payments for people made redundant by technological change, and retraining. At the negotiations held at the beginning of February 1969 on a national level it was agreed to increase the wage and salary scales in the chemical industry by 7.5 per cent with effect from April 1, 1969. At the same time it was decided to reduce the maximum number of agreed weekly

working hours to 40 (42 for shifts) commencing January 1, 1970.

In April 1968 employees at the Ludwigs-hafen works elected a new works council comprising 35 members, of whom 18 have been relieved of all duties to carry out their work on the council.

We are continuing to attach considerable importance to keeping our employees informed of what is going on within the Group. Our house journal in particular is being used for this purpose; it has been enlarged and is being distributed throughout the Group.

Training is continuing to receive particular attention. On December 31, 1968 we were employing 2,839 apprentices who are learning one of 39 trades; 986 are serving an apprenticeship in a science field, 1,652 an apprenticeship in a craft and 201 a commercial or other apprenticeship.

We have recently started training youths and grown-ups to become skilled production assistants. In addition, we are giving the latter and craftsmen engaged on maintenance work, through further training, an opportunity to become plant operators. Moreover, we are retraining miners from the Saar. In the period under review a total of 9,700 employees received training inside the Company and more than 600 employees attended special external courses.

On the social welfare side we continued to concentrate on medical services, care of the aged, and housing. Our Medical Department together with a company with whom we have close contacts has carried out tests, on a voluntary basis, for our employees for the early discovery of diabetes and kidney diseases. Eye tests are in preparation.

18,337 former employees or their next of kin drew a pension from the Pension Fund in addition to the retirement pension paid by the State.

The number of company-owned flats and houses including company-assisted flats was 19,840 at the end of the year. Work on the Pfingstweide housing project, a

joint venture of the Company and the Ludwigshafen housing authorities, is on schedule and making good progress. Our subsidiary, LUWOG, will be erecting more than 1,400 flats and houses in four phases.

The Company Health Insurance Fund has approximately 53,700 members. The average number of sick persons increased by 0.8 per cent to 5.4 per cent.

Finally, the Directors wish to express their thanks to the employees' representatives and all employees at home and abroad for their efficient and loyal service.

Model of the Pfingstweide housing project
on the northern outskirts of Ludwigshafen



Finance

Capital structure

Liabilities
Stockholders' Equity

DM '000,000,000
5.0
4.0
3.0
2.0
1.0
0

1964 1965 1966 1967 1968

Liquidity

Short-term working capital
Short-term liabilities

DM '000,000,000
1.8
1.5
1.2
0.9
0.6
0.3
0

1964 1965 1966 1967 1968

Total assets of BASF AG rose by DM310,000,000, of which DM95,000,000 was financed from internal sources. About DM20,000,000 became available from the increase in common stock capital carried out in connexion with the acquisition of Nordmark-Werke GmbH and DM75,000,000 from the year's retained earnings.

Provisions and liabilities including the amount earmarked for distribution as dividends are up DM211,000,000, the increase being accounted for largely by higher tax provisions made in view of the rise in profits and by long-term bank borrowing. The long-term debt is down as a result of repayment made on schedule and our meeting commitments to acquire capital in subsidiaries, and also as a consequence of a decrease in the amount claimed by welfare institutions. The short-term debt decreased owing to repayment of short-term bank loans and increased as a result of short-term investment by affiliated companies at the parent company and the higher short-term instalments required for the repayment of long and medium term debentures.

The volume of medium and long term funds available from internal sources continued to rise substantially. This is due first and foremost to the increase in net earnings. As in the previous year, most of the DM762,000,000 increase in fixed assets (before depreciation) and current assets (after value adjustments) was financed from inter-

Profits and Employment of Profits

DM '000,000

	1966	1967	1968
Profits before taxes	501	507	674
Taxes	254	247	336
Profits after taxes	247	260	338
Dividends	230	236	263
Retained earnings	17	24	75

Profits per share

DM

	1966	1967	1968
Profits before taxes	21.81	21.51	28.15
Taxes	11.07	10.49	14.03
Profits after taxes	10.74	11.02	14.12
Dividend	10.00	10.00	11.00
Retained earnings	0.74	1.02	3.12
Number of shares outstanding ('000)	22,960	23,560	23,958

nally generated funds, the increase in liabilities accounting for less than 10 per cent.

Sources and uses of funds are substantially balanced as regards timing and maturity. Our short-term financial position shows satisfactory liquidity. The total equity exceeds total liabilities.

Every DM1,000 sales of BASF AG earned DM166 (DM138 in 1967) in profits before taxes.

1. Funds Flow Statement (in millions of DM)

SOURCE OF FUNDS

(a) Medium and long term

Common stock capital increase	20	
Allocation to statutory reserve	<u>75</u>	95
Financed from depreciation and retirements of tangible fixed assets	448	
Depreciation and retirements of financial assets	<u>5</u>	453
Decrease in liquid assets		8
Increase in special reserve	3	
Increase in provisions	121	
Increase in bank loans	<u>52</u>	176
Balance, short term	<u>18</u>	
	750	

USE OF FUNDS

Investment in tangible fixed assets	362	
Increase in financial assets	<u>239</u>	601
Increase in receivables		58
Repayment of loans and debentures	20	
Reduction in liabilities to BASF Pension Fund	28	
Reduction in liabilities from the issue of bills	2	
Reduction in other liabilities	<u>41</u>	91
		<u>750</u>

(b) Short term *

Increase in provisions	17		Increase in loans outstanding		5
Increase in accounts payable for purchases and services	27		Increase in receivables from sales and services	58	
Increase in other liabilities	101		Increase in other receivables	27	
Increase in dividends payable	<u>27</u>	172	Increase in liquid assets	<u>69</u>	154
Reduction in inventories	13		Reduction in debentures	2	
Reduction in unfinished goods and services	<u>35</u>	48	Reduction in liabilities to banks	<u>41</u>	43
	220		Balance	<u>18</u>	
				220	

(c) Summary

Allocation to free reserve	75		Additions to fixed assets	608	
Increase in special reserve	3		Reduction in loans outstanding	<u>- 2</u>	606
Increase in medium and long term provisions	121		Increase in receivables	143	
Depreciation and retirements of fixed assets	<u>453</u>		Increase in liquid assets	61	
Financed from internal sources (net cash flow)	652		Reduction in inventories	- 13	
Increase in common stock capital	20		Reduction in unfinished goods and services	<u>- 35</u>	156
Increase in short term provisions	17				
Increase in liabilities	<u>73</u>				
Financed from external sources	<u>110</u>				
	762				<u>762</u>

* Due within a year

2. Financial Position (in millions of DM)

(a) Medium and long term

Fixed assets	3 299	Equity capital	2 576
Receivables	91	Special reserve	8
Liquid assets	1	Provisions	449
Excess cover	686	Bonds	72
		Swiss Franc bonds	56
		Convertible bonds	240
		Debentures	208
		Liabilities to banks	288
		Liabilities to BASF Pension Fund	125
		Liabilities from the issue of bills	23
		Other liabilities	32
	<u>4 077</u>		<u>4 077</u>

(b) Short term *

Loans outstanding	5	Provisions	155
Raw materials and supplies	180	Bonds	10
Finished goods	352	Debentures	10
Unfinished goods and services	29	Liabilities from the issue of bills	5
Receivables	756	Liabilities to banks	70
Value adjustments	- 15	Other liabilities	525
Liquid assets	417	Dividend	263
	<u>1 724</u>	Financed on medium and long term	686
			<u>1 724</u>

(c) Balance sheet ratios (percentages of total assets)

	1968	1967		1968	1967
Tangible fixed assets	41.9	46.4	Common stock capital	23.3	24.4
Financial assets	22.5	19.0	Reserves	26.9	27.1
Fixed assets	64.4	65.4	Equity	50.2	51.5
Inventories and unfinished goods			Special reserve	0.2	.
and services	11.0	12.6	Value adjustments	0.3	0.3
Receivables	16.3	14.3	Provisions	11.8	9.7
Liquid assets	8.1	7.4	Liabilities (including dividend)	37.5	38.5
Current assets	35.4	34.3	Total liabilities	49.3	48.2
Deferred charges	0.2	0.3			
Total assets	100.0	100.0	Equity and liabilities	100.0	100.0

* Items realisable or due within a year

Notes on the Annual Statement of Accounts

BALANCE SHEET

The methods of valuation and depreciation used are described in the Annual Report for 1967. Reference should be made to the details contained in said Report unless specifically provided otherwise.

ASSETS

I. Fixed Assets

A. Tangible and intangible

1.-7. *Tangible fixed assets* are carried on the books at December 31, 1968 at DM2,149,000,000. Railway installations and scaffolding are carried at DM14,100,000. Of the additions amounting to approx. DM362,000,000, 86 per cent is accounted for by manufacturing and utilities generation facilities and 14 per cent by research and other facilities.

The item comprises DM18,800,000 "own-use" tax.

The retirements amounting to DM22,900,000 relate mainly to scrapped equipment.

Depreciation on tangible fixed assets totalled DM425,400,000 comprising:

	DM '000,000
Ordinary depreciation	
Accelerated	302.9
Straight-line	76.8
Expendable capital items	9.4
	<hr/> 389.1
Extraordinary depreciation	
under the First Investment Credit Ordinance	13.6
Research; prevention of air and water pollution	19.4
Transfer of capital gains under Article 6 b, Income Tax Law	3.2
Transfer of book profits from insurance benefits from damage to plant (Article 35, Income Tax Directives)	0.1
	<hr/> 36.3
Total	<hr/> 425.4

Depreciation on additions including reallocations in respect of plant under construction was taken as follows:

	Addition and Reallocation DM	Depreci- ation DM
1. Real estate and equivalent rights with office, factory and other buildings	44,295,769	10,161,453
2. Real estate and equivalent rights with residential buildings	215,753	9,884
3. Real estate and equivalent rights without buildings	10,315,904	1,754,096
4. Buildings on real estate not owned by BASF AG which do not come under No. 1 or 2	136,863	8,704
5. Machinery, plant and equipment	241,302,270	48,035,576
6. Factory and office equipment	42,573,374	16,331,865
7. Plant under construction and advances for plant	23,305,607	
	<u>362,145,540</u>	<u>76,301,578</u>

B. Financial

1. Additions to *affiliated companies* relate to the following companies:

Federal Republic

Newly acquired

Alfred Voss GmbH, Hamburg	see comments	12,323,650
Julius Wolf GmbH, Uetersen	below	11,962,670
Herbol-Werke Herbig-Haarhaus AG, Cologne (share capital DM7,151,100 at par)		51,441,132
Wintershall Aktiengesellschaft, Kassel (share capital DM6,339,900 at par)		28,422,230

Capital increase

LUWOG Wohnungsunternehmen GmbH, Ludwigshafen		13,980,000
--	--	------------

Other

	512,460
	<u>118,642,142</u>

Abroad

Capital increases

BASF Española S. A., Barcelona, Spain	5,767,381
BASF Holding Aktiengesellschaft, Zürich, Switzerland	18,567,101
BASF Overzee N. V., Curaçao	70,298,113

Other

	65,122
	<u>94,697,717</u>

Total additions

	<u>213,339,859</u>
--	--------------------

Alfred Voss GmbH and Julius Wolf GmbH, all of whose shares were acquired on August 30, 1968, jointly hold 100 per cent of the capital of Nordmark-Werke GmbH.

The purchase price results from the payments made to the previous owners:

DM19,902,000 (at par) BASF shares from the September 2, 1968 capital increase, valued at par

DM798,000 (at par) BASF shares at DM192 per DM50 share = DM3,064,320

DM1,320,000 in cash

Of the retirements DM4,250,000 is accounted for by the book value of our interest in Verwaltungsgesellschaft für Chemiewerte mbH, Frankfurt (holding company for shares of Süddeutsche Kalkstickstoffwerke AG). The depreciation on subsidiaries and affiliated companies relates to differences in exchange rates which occurred when payments were made on the occasion of capital increases.

Where our capital holdings have not been fully paid up, they are included in liabilities as commitments to acquire capital.

2. The *loans for a term of at least four years* include loans for housing and the like and various loans to affiliated companies other than those defined in Article 15, Corporate Law. The additions result from new lendings, while the reductions relate to repayments made on schedule.

The revaluations relate to adjustments to present value. Depreciation was taken exclusively on additions for 1968. It relates to discounted interest-free loans granted mainly for housing purposes. The net increase in *fixed assets* is approx. DM153,000,000, i. e. 4.8 per cent.

II. Current Assets

A. Inventories

1. Raw materials and supplies

Deliberate efforts to reduce the amount of capital tied up in goods in stock again resulted in a decrease of DM2,600,000.

Composite-rate depreciation to a total of DM1,800,000 was applied to take account of the risks of technical obsolescence and reductions in quality.

2. Finished products and goods for resale

Stocks were down DM11,000,000 on the previous year. Composite-rate depreciation to a total of DM5,100,000 was applied to take account of the risks of selling and obsolescence.

3. The *unfinished goods and services* relate mainly to expenditure on plants still under construction for the account of third parties at home and abroad.

B. Other current assets

2. The increase in *accounts receivable for sales and services* is due to higher sales, especially to higher exports where periods for payment are longer than at home. Apart from this, accounts receivable in respect of domestic sales were up owing to the increase in turnover tax included therein.

Accounts receivable with a residual term of more than one year are up DM17,200,000 at DM24,900,000, the increase being accounted for mainly by long-term receivables from the construction of plants in Egypt (moratorium).

3. *Bills receivable* are mostly foreign bills with maturities of more than 90 days.
5. *Cash at banks* is available at short notice and provides a liquidity reserve apart from DM36,000,000 earmarked deposits which are mainly used to obtain foreign-exchange loans.
6. *Securities* comprise exclusively fixed-income investments.
7. The *amounts owing by affiliated companies as defined in Article 15, Corporate Law*, relate to sales and services, interest-bearing loans, non-interest-bearing loans to GEWOGE Gemeinnütziges Wohnungsunternehmen GmbH, Ludwigshafen, and to bills.

The addition results mainly from the increase in receivables for sales and services owing by foreign affiliated companies (as defined in Article 15, Corporate Law).

9. *Other assets* include mainly payments made to building societies and receivables arising from BASF's activity as agent for Chemische Fabrik Holten GmbH, Oberhausen-Holten, and Rheinische Olefinwerke GmbH, Wesseling. The item also includes receivables arising from loans granted to employees, other short-term loans and accrued interest.

III. Deferred Charges

Item 1 comprises the undepreciated portion of capitalised discounts and expenses of bond and debenture issues, while item 2 is accounted for mainly by prepaid insurance premiums and interest.

LIABILITIES

I. Capital stock

The Company in General Meeting on May 20, 1968 increased the unused authorised capital (genehmigtes Kapital) by DM105,000,000 from DM95,000,000 to DM200,000,000. Out of this authorised capital the outstanding capital stock was increased by DM19,902,000 at par to DM1,197,902,000 and the increase was entered in the Commercial Register at the local court of Ludwigshafen.

The authorised capital accordingly stands at DM180,098,000.

The shares from the capital increase were issued to the individual owners of Alfred Voss GmbH, Hamburg, and Julius Wolf GmbH, Uetersen, the two companies jointly holding 100 per cent of the capital of Nordmark-Werke GmbH, Hamburg, against their contributions in kind.

The expenses of the capital increase amounted to DM2,400,000.

The Extraordinary General Meeting on December 20, 1968 furthermore passed a resolution to conditionally increase the common stock capital by up to DM164,378,150, which increase was entered in the Commercial Register of the local court on the same date.

The conditional capital serves to safeguard the right to convert into BASF shares granted to the shareholders of Wintershall Aktiengesellschaft and the holders of Gewerkschaft Thea and Gewerkschaft Wintershall.

DM32,000 5½ per cent convertible bonds of 1964 was converted into DM6,400 share capital, resulting in another increase in outstanding capital from conditional capital by DM6,400 to DM1,197,908,400.

II. Reserves

1. The *statutory reserve* is up DM25,751 at DM749,096,615, mainly from the premiums on the conversion of bonds into shares.

2. The *free reserve* was increased by DM75,000,000 from the year's net earnings.

Reserves now total DM1,378,096,615, i. e. 115 per cent of the common stock capital.

III. Special Reserve (Article 152 [5], Corporate Law)

This item comprises the following:

	DM '000,000
Adjustments on non-interest bearing loans granted under Article 7c, Income Tax Law, before January 1, 1955	3.0
Capital gains under Article 6b, Income Tax Law:	
Sale of real estate	0.2
Sale of our interest in Verwaltungsgesellschaft für Chemiewerte mBH.	4.6
Book profits arising from the settlement of insurance claims in connexion with damage to plant under Section 35, Income Tax Directives	0.1
Capital investment in developing countries under Article 1, Development Aid Tax Law	0.1
	<hr/> 8.0

IV. Composite-rate value adjustment on debtors

The increase is due exclusively to the increase in debtors resulting from the rise in sales.

V. Provisions

2. (a) The *tax provisions* are sufficient and take into account liabilities arising from profit and loss pooling agreements with affiliated companies.

2. (b) The *provisions for postponed maintenance work* comprise necessary repairs which for technical reasons could not be carried out before 1969.

2. (c) The *other provisions* comprise the following:

	DM '000,000	(1967)
Licences	5.8	(4.0)
Risks of selling and purchasing transactions	57.7	(53.9)
Contributions to trade associations and similar charges	12.3	(11.7)
Provisions for other liabilities	35.7	(25.8)

VI. Liabilities for a Term of at least Four Years

1. Of the *bonds of 1962* DM10,000,000 was redeemed as scheduled at a 2 per cent premium.

The increase in the amount of the *4½ per cent Swiss Franc bonds of 1964* over 1967 is due to a change in the exchange rate.

DM32,000 *5½ per cent convertible bonds of 1964* was converted into share capital.

2. *Debentures* are down DM11,300,000 at DM217,900,000 as a result of repayment made on schedule.

3. *Liabilities to banks* are up DM100,900,000, mainly as a result of the funding of short-term foreign-exchange loans and the taking of new long-term foreign-exchange loans.

1.-5. Of the *long-term liabilities the amounts due within less than four years* agree with the repayment plan. They include approx. DM20,000,000 which is due within a year.

VII. Other liabilities

1. The increase in *accounts payable for purchases and services* is due partly to the rise in sales and partly to the change in the turnover tax law.

2. *Liabilities from the issue of bills* to the amount of DM27,300,000 (DM30,100,000 in the previous year) relate exclusively to export financing.

3. *Liabilities to banks* were reduced by DM90,000,000 by repayment and funding.

4. *Advances received* relate mainly to payments received in respect of construction work abroad where the accounts have not yet been closed. There is a substantial reduction due to the settlement of the Suez fertilizer project.

5. *Amounts owing to affiliated companies as defined in Article 15, Corporate Law*, include as the major items DM43,300,000 and DM28,500,000 liabilities to BASF Kraftwerk Marl GmbH, Marl, and Nordmark-Werke GmbH, Hamburg, respectively.

Moreover, the item includes DM32,800,000 commitments in respect of capital increase of subsidiaries, mainly to BASF

Antwerpen N. V., Antwerpen, and BASF Holding Aktiengesellschaft, Zürich.

6. The *other liabilities* include wage and salary items, deferred interest payments and various short-term debts.

The increase by approx. DM58,000,000 over the previous year results from the short-term use of funds of affiliated companies.

Contingent liabilities

The increase in liabilities from the issue and endorsement of bills results from the increased volume of business. The liabilities from guarantees shown in the balance sheet rose by DM88,300,000 to DM706,500,000. Our wholly owned subsidiary, Basfin Corporation, New York, has fully used the loan granted to it by U. S. insurance companies. The loan amounts to U.S.\$30,000,000 and is guaranteed by BASF. It serves *inter alia* to finance capital projects of Dow Badische Company.

Another reason for the increase in liabilities from guarantees is that after acquiring the remaining 50 per cent of the shares of BASF Computron Inc. we have to guarantee the full amount of that company's bank loans. The increase is furthermore accounted for by loans made to BASF Corporation which are guaranteed by BASF AG. These loans serve to finance the expansion of our manufacturing facilities and our sales organisation in the U. S. A.

As a consequence of start-up losses, Dow Badische Company and BASF Com-

putron Inc. have not yet reached the break-even point.

The guarantees resulting from collateral security for third parties' liabilities relate mainly to earmarked bank deposits which are used to obtain foreign-exchange loans. Contingent liabilities from guarantees, including those for third parties' liabilities, exist almost exclusively in favour of affiliated companies as defined in Article 15, Corporate Law.

Contingent liabilities not shown in the balance sheet, including securities put up for the company's own liabilities, existed in connexion with:

	1967 figures DM DM '000,000	
Cover undertaking in favour of BASF Antwerpen N. V., Antwerp	199,625,000	100.7
Cover undertaking in favour of Ammoniak Unie N. V., Utrecht	16,638,000	16.7
Cover undertaking in favour of Badische Phillips		
Petroleum N. V., Antwerp	13,175,250	13.3
Pledging of securities in the amount (at par) of	1,900,000	2.0
to BASF Health Insurance Fund		
Collateral liabilities from bills of exchange by assignment of receivables	27,350,000	30.1
Collateral for "VII. Other Liabilities" by charges on real estate	7,279,781	5.6

Other contingent liabilities existing at the date of the balance sheet were in connexion with the provisions of Regulation No. 8 (Pensions) under Allied High Commission Law No. 35, as well as in connexion with Article 24, Law on Private Limited Companies, for residual contingent liabilities mainly of the shareholders of Aktionsgemeinschaft Deutsche Steinkohlengrubere GmbH in respect of possible calls on capital, liabilities under Article 327, Section 4, Corporate Law, arising from the completion of the takeover of Phrix-Werke AG, and the legal liability from the takeover of Chemische Düngstoffabrik Rendsburg.

The remuneration of the members of the Board of Executive Directors for the fiscal year 1968 (Article 160 [3], Section 8, Corporate Law) totalled DM3,285,343.90.

The remuneration of the former members of the Board and their surviving dependants, including pensions payable to former members, and their surviving dependants, of the board of I. G. Farbenindustrie Aktiengesellschaft, which pensions had to be borne by our company in 1968 pursuant to Regulation No. 8 (Pensions) under Allied High Commission Law No. 35, totalled DM1,586,073.54 in the fiscal year 1968.

The remuneration of the Supervisory Board, including turnover tax, totalled DM773,670.

PROFIT AND LOSS ACCOUNT

1. *Sales revenues* including turnover tax are up 16.4 per cent on the previous year. For comparison, if turnover tax is excluded, the rate of increase was 15.4 per cent. Turnover tax refers only to sales, that portion applicable to other income being included in the relevant items and shown under item 23 (b).

3. The *other company-manufactured capitalised items* comprise exclusively plant built by ourselves.

4. The *total sales and operating revenues* are up 9.6 per cent on the previous year.

5. The *cost of raw materials, supplies and goods purchased* is shown without the turnover tax applicable thereto.

6. The *gross profit* rose by 4.5 per cent.

7. The *income from profit transfer agreements* is down from DM17,400,000 to DM8,600,000 and relates to the profits of the following companies: BASF Handels- und Export-Gesellschaft mbH, BASF Kraftwerk Marl GmbH, BASF Nyloprint GmbH, Indanthrenhaus Hamburg GmbH and Rheinische Olefinwerke GmbH.

The decrease is due mainly to the lower earnings of Rheinische Olefinwerke GmbH which resulted from substantially higher depreciation on new manufacturing facilities.

8. *Income from subsidiaries and affiliated companies* originated from dividends distributed by Cassella Farbwerke Mainkur AG, Frankfurt (DM1,600,000), Glasurit-Werke AG, Hamburg (DM9,600,000) and other investments (DM1,200,000). Our foreign subsidiaries and affiliated com-

panies used their profits mainly to repay debt and to finance capital expenditure.

10. *Other interest and similar income* rose by DM800,000. While in 1967 prompt-payment discounts were included in this item in the amount of DM6,900,000, they were charged in 1968 against procurement costs.

11. *Receipts from retirement and writing up of fixed assets* include the gain in the amount of DM4,600,000 arising from the sale of Verwaltungsgesellschaft für Chemiewerte mbH, Frankfurt. Book profits from the retirement of tangible fixed assets, including turnover tax, amount to DM2,400,000. DM200,000 arose in connexion with the revaluation of interest-free loans.

12. *Proceeds from dissolving provisions* are DM1,500,000 and relate to commitments in respect of other provisions which were no longer required.

13. The *proceeds from release of special reserve* relates to the dissolution of reserves under Article 6b, Income Tax Law, and Section 35, Income Tax Directives, most of which were transferred to successor items by special depreciation, and to the partial dissolution of value adjustments under Article 7c, Income Tax Law.

14. *Other income* includes DM25,900,000 receipts from transactions not peculiar to the objects of the Company, including the turnover tax applicable thereto, DM63,800,000 tax expenditure passed on to companies with which we have profit and loss pooling agreements, and

various other receipts not to be shown under other items. The increase is due mainly to the larger amount passed on under the new Turnover Tax Law.

15.-16. Expenditure on *wages and salaries* and *compulsory welfare expenditure* are up despite the decrease in the number of employees, wages and salaries having risen by 3.6 per cent to DM797,900,000 and compulsory welfare expenditure by 8.9 per cent to DM72,500,000.

17. *Expenditure on pensions and assistance* relates principally to ordinary payments for old-age pensions, welfare contributions and allocations to pension provisions.

18.-19. The *depreciation on tangible fixed assets and financial assets* is dealt with in the notes on tangible fixed assets.

20. The *losses arising from value adjustments or retirement of current assets other than inventories and allocation to composite-rate value adjustment on debtors* relate essentially to the allocation to value adjustments on the general risk from credit transactions (DM1,300,000), revaluation of individual debtors which had become necessary, especially foreign customers (DM3,300,000), and losses from the sale of securities and from bad debts.

21. *Losses on retirement of fixed assets* arose in connexion with plant modernisation. They are down DM6,900,000 on the previous year.

22. *Interest and similar expenditure* are up only slightly on the previous year, the increase corresponding to the increase

in liabilities which are subject to interest.

23. (a) *Taxes on income, earnings and property* include DM9,800,000 arising from the accounting settlement with companies with which we have profit and loss pooling agreements, and DM46,600,000 taxes not based on earnings.

23. (b) The decrease in *other taxes* is accounted for by the fact that as a result of a change in the law the bulk of the turnover tax is shown as a separate item [1. (b)] in the profit and loss account. The figure is approx. DM217,000,000 without the companies with which we have profit and loss pooling agreements, while the deductible amount of tax levied at earlier stages of turnover is approx. DM175,000,000. The turnover tax merely includes that which was passed on as far as it is not contained in item 1, the special turnover tax, corrections in respect of transactions made before January 1, 1968, and turnover tax payable by the companies with which we have profit and loss pooling agreements.

25. *Expenditure arising from the assumption of losses* relates to the accounts of LUWOG Wohnungsunternehmen GmbH.

26. The *allocation to special reserve* relates to transfers under Article 6b, Income Tax Law (gain arising from the sale of our interest in Verwaltungsgesellschaft für Chemiewerte mbH and the sale of real estate) and under Section 35, Income Tax Directives (book profits from the settlement of insurance claims in connexion with damage to plant).

27. (a) *Wages paid to outside labour and*

costs of repair work carried out by outside contractors decreased by DM16,700,000 to DM169,400,000.

27. (b) *Miscellaneous expenditure* related to transportation costs (approx. DM234,000,000), rents and leases (approx. DM32,000,000), licences (approx. DM12,000,000), commissions, advertising and publicity, costs of money transactions, insurance premiums, fees, contributions, etc. The item also includes the costs of transactions not peculiar to the objects of the company (cf. Item 14) as far as they do not have to be shown under other items.

28. The year's net earnings exceed the previous year's by DM78,600,000.

They amount to DM338,173,344

29. This, together with the profit brought forward from the previous year, namely

DM 475,215

makes

DM338,648,559

30. The allocation to the free reserve amounts to

DM 75,000,000

31. The profit available for dividend in respect of fiscal year 1968 is

DM263,648,559

We propose that out of this sum a dividend be paid at the rate of DM11 for each share of DM50 par value (22 per cent). If this proposal is accepted, the total amount required for the payment of dividend on the DM1,197,908,400 of capital stock will amount to

DM263,539,848

Of the sum shown under Item 31 in the amount of there remains after deduction of the sum required for dividends in the amount of

DM263,648,559

DM263,539,848

a balance of income amounting to

DM 108,711

We propose that this balance be carried forward to new account.

Ludwigshafen am Rhein, March 25, 1969

The Board of Executive Directors

REPORT OF THE SUPERVISORY BOARD

During the period under review the Supervisory Board has constantly looked into the management of the Company's affairs by meeting regularly with the Board of Executive Directors and studying the latter's written and verbal reports.

The Supervisory Board has examined the Annual Statement of Accounts, the Report and the proposal for the employment of the profits. The books, the Statement of Accounts and the Annual Report have been examined by Schwäbische Treuhand-Aktiengesellschaft, the auditors appointed by the Annual General Meeting, and have been given unqualified confirmation.

After conclusion of our own examination we concur with the result obtained by the auditors and see no grounds for objection thereto.

We have approved the Annual Statement of Accounts drawn up by the Board of Executive Directors, which is thus final, and concur with the proposal of the Board of Executive Directors regarding the employment of the profits.

Leopold Freiherr von Schrenck-Notzing will soon celebrate his 75th birthday and for this reason has asked to be relieved of his duties on the Supervisory Board with effect from the end of the 1969 Ordinary General Meeting. Herr von Schrenck-Notzing was a member of the Supervisory Board of the former I. G. Farbenindustrie AG from 1929 to 1945; when BASF was refounded in 1952 he was one of the five founders of the transition

company and he has served continuously on the Supervisory Board since then. His colleagues on the Board record their appreciation of the valuable work which he has done for the Company.

Ludwigshafen am Rhein, April 14, 1969

The Supervisory Board

ACCOUNTS

FOR THE YEAR 1968

Movements in fixed assets

A. Tangible and intangible

1. Real estate and equivalent rights with office, factory and other buildings
 2. Real estate and equivalent rights with residential buildings
 3. Real estate and equivalent rights without buildings
 4. Buildings on real estate not owned by BASF AG which do not come under No. 1 or 2
 5. Machinery, plant and equipment
 6. Factory and office equipment
 7. Plant under construction and advances for plant
 8. Concessions, industrial property rights and similar rights, and licences under such rights
-

B. Financial

1. Affiliated companies
 2. Loans for a term of at least four years, (DM2,108,999 secured by charges on real estate)
-
-

As of Jan. 1, 1968	Additions	Revaluation	Reallocation Additions = + Reductions = -	Retirements	Depreciation	As of Dec. 31, 1968
DM	DM	DM	DM	DM	DM	DM
667,782,344	34,121,310	-	+ 8,823,209	5,642,650	57,032,868	648,051,345
12,068,393	127,726	-	- 7,132	-	466,502	11,722,485
25,326,396	1,403,713	-	+ 8,912,191	1,067,778	1,754,096	32,820,426
1,804,020	135,876	-	+ 120,772	32,188	186,138	1,842,342
1,364,684,666	191,385,909	-	+50,978,709	14,522,859	324,818,101	1,267,708,324
85,126,916	39,571,288	-	+ 3,266,362	1,683,462	41,134,759	85,146,345
78,754,941	95,399,718	-	-72,094,111	-	-	102,060,548
1	-	-	-	-	-	1
2,235,547,677	362,145,540	-	-	22,948,937	425,392,464	2,149,351,816
885,041,297	213,339,859	-	-	4,261,434	54,163	1,094,065,559
30,787,286	32,048,684	203,181	-	2,179,386	293,046	60,566,719
3,151,376,260	607,534,083	203,181	-	29,389,757	425,739,673	3,303,984,094

Balance Sheet of BASF AG at December 31, 1968

Assets	As of Dec. 31, 1968 DM	As of Dec. 31, 1967 DM '000
I. Fixed Assets		
A. Tangible and intangible		
1. Real estate and equivalent rights with office, factory and other buildings	648,051,345	667,783
2. Real estate and equivalent rights with residential buildings	11,722,485	12,068
3. Real estate and equivalent rights without buildings	32,820,426	25,326
4. Buildings on real estate not owned by BASF AG which do not come under No. 1 or 2	1,842,342	1,804
5. Machinery, plant and equipment	1,267,708,324	1,364,685
6. Factory and office equipment	85,146,345	85,127
7. Plant under construction and advances for plant	102,060,548	78,755
8. Concessions, industrial property rights and similar rights, and licences under such rights	1	(1.-)
	2,149,351,816	2,235,548
B. Financial		
1. Affiliated companies	1,094,065,559	885,041
2. Loans for a term of at least four years (DM2,108,999 secured by charges on real estate)	60,566,719	30,787
	3,303,984,094	3,151,376
II. Current Assets		
A. Inventories		
1. Raw materials and supplies	179,293,058	181,918
2. Finished products, goods for resale	352,225,726	363,196
	531,518,784	545,114
3. Unfinished goods and services	29,044,809	64,332
B. Other current assets		
1. Advances paid	10,602,525	14,660
2. Accounts receivable for sales and services (DM24,942,903 with a residual term of more than one year)	517,015,393	440,093
3. Bills receivable (DM3,838,117 rediscountable at the Federal Bank)	22,679,911	24,773
4. Cash on hand, balances at the Federal Bank and on postal cheque account	139,529	212
5. Cash at banks (DM35,962,478 earmarked)	311,009,721	255,222
6. Securities	84,139,634	76,534
Subtotal Items 3-6: Liquid assets	417,968,795	356,741
7. Amounts owing by affiliated companies as defined in Article 15, Corporate Law	246,518,431	167,698
8. Claims in respect of loans granted under Article 89, Corporate Law	794,949	566
9. Other assets	60,979,112	65,584
	1,814,442,798	1,654,788
III. Deferred Charges		
1. Discount	9,660,441	11,279
2. Others	1,650,165	2,167
	11,310,606	13,446
	5,129,737,498	4,819,610
1. Claims of recourse from the issue and endorsement of bills	178,061,826	142,234
2. Claims of recourse from guarantees	706,482,453	618,171
3. Claims of recourse from the granting of collateral security for third parties' liabilities	35,628,175	25,609

Liabilities	As of	As of
	Dec. 31, 1968 DM	Dec. 31, 1967 DM '000
I. Capital Stock	1,197,908,400	1,178,000
Conditional capital DM212,371,750 *		
II. Reserves		
1. Statutory reserve	749,096,615	749,071
2. Free reserve (as of Jan. 1, 1968)	554,000,000	530,000
Retained earnings for the year	75,000,000	24,000
	629,000,000	554,000
	1,378,096,615	1,303,071
III. Special Reserve	8,009,246	5,386
(as provided in Articles 6 b and 7c, Income Tax Law, Section 35, Income Tax Directive, and Article I, Development Aid Tax Law)		
IV. Composite-Rate Value Adjustment on Accounts Receivable	14,812,000	13,545
V. Provisions		
1. Pension provisions	244,808,569	239,616
2. Other provisions		
(a) for taxation	240,194,068	124,755
(b) for postponed maintenance work	8,000,000	6,000
(c) miscellaneous	111,522,437	95,358
	359,716,505	226,113
	604,525,074	465,729
VI. Liabilities for a Term of at least Four Years		
1. Bonds		
(a) 7 % Bonds of 1962	81,600,000	91,800
(DM80,000,000 secured by charges on real estate)		
(b) 4½ % Swiss Franc Bonds of 1964	55,836,000	55,710
(c) 5½ % Convertible Bonds of 1964	239,968,000	240,000
	377,404,000	387,510
2. Debentures	217,918,000	229,202
(DM80,000,000 secured by charges on real estate)		
3. Liabilities to banks	268,377,409	167,503
(DM22,266,000 secured by charges on real estate)		
4. Amounts owing to BASF Pension Fund	125,117,596	153,656
(DM475,998 secured by charges on real estate)		
5. Other liabilities	944,310	1,149
Items 1-5 comprise DM323,297,571 due within less than four years	989,761,315	939,020
VII. Other Liabilities		
1. Accounts payable for purchases and services	217,237,642	193,826
2. Liabilities from the issue of bills	27,350,000	30,111
3. Liabilities to banks	89,783,593	179,794
4. Advances received	23,955,431	35,928
5. Amounts owing to affiliated companies as defined in Article 15, Corporate Law	143,729,388	126,491
6. Other liabilities	170,915,535	112,620
	672,971,589	678,770
VIII. Deferred Income	4,700	14
IX. Profit available for dividend	263,648,559	236,075
	5,129,737,498	4,819,610
1. Liabilities from the issue and endorsement of bills	178,061,826	142,234
2. Liabilities from guarantees	706,482,453	618,171
3. Liabilities from the granting of collateral security for third parties' liabilities	35,628,175	25,609
Present value of the Equalisation of Burdens Property Levy	85,380,195	91,800
Quarterly amount of the Equalisation of Burdens Property Levy	2,594,768	2,595

DM47,993,600 and DM164,378,150 intended for conversion of convertible bonds of 1964 and acquisition of Wintershall Group, respectively

Profit and Loss Account of BASF AG
for the Period from January 1 to December 31, 1968

	1968		
	DM	DM	DM
1. Sales revenues			
(a) Sales including turnover tax	4,272,229,549		
(b) Turnover tax on sales	- 214,899,599	4,057,329,950	
2. Decrease in inventories of finished and semi-finished goods		- 16,102,031	4,041,227,919
3. Other company-manufactured capitalised items			76,283,855
4. Total sales and operating revenues			4,117,511,774
5. Cost of raw materials, supplies and goods purchased			1,444,708,672
6. Gross profit			2,672,803,102
7. Income from profit transfer agreements		8,616,416	
8. Income from subsidiaries and affiliated companies		12,403,239	
9. Income from other financial assets		681,183	
10. Other interest and similar income		31,747,756	
11. Receipts from retirement and writing up of fixed assets		7,186,040	
12. Proceeds from dissolving provisions		1,476,869	
13. Proceeds from release of special reserve		2,227,481	
14. Other income		96,420,787	
(DM5,704,401 non-recurring)			160,759,771
			2,833,562,873
15. Wages and salaries		797,943,069	
16. Compulsory welfare expenditure		72,474,607	
17. Expenditure on pensions and assistance		43,196,036	
18. Depreciation on tangible fixed assets (DM3,166,291 transfer of net gains arising on sale under Article 6 b, Income Tax Law)		425,392,464	
19. Depreciation on financial assets		347,209	
20. Losses arising from value adjustments or retirement of current assets other than inventories and allocation to value adjustment on debtors		6,111,742	
21. Losses on retirement of fixed assets		20,450,178	
22. Interest and similar expenditure		100,039,327	
23. Taxes			
(a) on income, earnings and property	325,857,484		
(b) others	75,784,910	401,642,394	
24. Equalisation of Burdens Property Levy		10,379,073	
25. Expenditure arising from assumption of losses		625,629	
26. Allocation to special reserve		4,851,131	
27. Other expenditure			
(a) Wages paid to outside labour and costs of repair work carried out by outside contractors	169,368,318		
(b) Miscellaneous	442,568,352	611,936,670	2,495,389,529
28. Year's net earnings			338,173,344
29. Profit brought forward from the previous year			475,215
			338,648,559
30. Allocation from the year's net earnings to the free reserve			75,000,000
31. Residual net earnings			263,648,559

Pensions paid including payments to legally independent pension funds

(a) paid in 1968: DM32,697,311

(b) to be expected in the next five years: 102 per cent, 105 per cent, 107 per cent, 109 per cent and 112 per cent of the amount specified under (a)

1967

DM '000	DM '000	DM '000
	3,670,113	
	- 6,301	3,663,812
		93,277
		3,757,089
		1,199,791
		2,557,298
	17,403	
	13,848	
	28	
	30,910	
	18,777	
	5,427	
	1,305	
	60,554	
(4,925)		148,252
		2,705,550
	770,168	
	66,563	
	47,494	
	451,537	
	18,216	
	7,762	
	27,388	
	97,427	
236,711		
109,987	346,698	
	10,379	
	1,061	
	169	
186,105		
415,005	601,110	2,445,972
		259,578
		497
		260,075
		24,000
		236,075

According to our audit, made in conformity with our professional duties, the accounting, the annual statement of accounts and the report of the Board of Executive Directors comply with German Law and the Company's Articles.

Stuttgart, April 14, 1969

Schwäbische Treuhand-Aktiengesellschaft

Wirtschaftsprüfungsgesellschaft – Steuerberatungsgesellschaft

Prüsener
Wirtschaftsprüfer

Dr. Frey
Wirtschaftsprüfer

Ten-year review – BASF AG

Figures in millions of DM

1959

1960

1961

Sales and Earnings

BASF AG sales ¹	2,054	2,356	2,264
Profits before taxes	269	376	326
Taxes	127	220	186
Profits after taxes	142	156	140

Assets

Tangible fixed assets	1,060	1,266	1,490
Financial assets ²	168	177	205
Fixed assets	1,228	1,443	1,695
Inventories and unfinished goods and services	350	372	406
Receivables and other assets ³	369	498	478
Liquid assets	239	226	399
Current assets (including deferred items)	958	1,096	1,283
Total	2,186	2,539	2,978

Capital

Common stock capital	700	700	800
Reserves	412	459	675
Year's retained earnings	40	30	1
Equity	1,152	1,189	1,476
Special Reserve	10	23	19
Provisions	330	461	485
Liabilities for a term of at least four years	592	740	858
Other liabilities	102	126	140
Dividends payable	102	126	140
Total liabilities	1,024	1,327	1,483
Total	2,186	2,539	2,978

Capital Expenditure and Depreciation

Expenditure on tangible fixed assets	305	415	446
Depreciation and retirements	193	209	222

¹ Until 1965 gross figures before rebates, discounts and other allowances; since 1968 without turnover tax

² Until 1965 only investments in affiliated companies and loans similar thereto

³ After value adjustments

1962	1963	1964	1965	1966	1967	1968
------	------	------	------	------	------	------

2,412	2,649	3,031	3,261	3,440	3,670	4,057
382	415	502	507	501	507	674
203	218	262	224	254	247	336
179	197	240	283	247	260	338

1,520	1,605	1,815	2,160	2,331	2,235	2,149
236	236	275	530	685	916	1,155
1,756	1,841	2,090	2,690	3,016	3,151	3,304
371	376	456	585	615	610	561
421	478	528	587	572	688	832
263	254	322	334	364	357	418
1,055	1,108	1,306	1,506	1,551	1,655	1,811
2,811	2,949	3,396	4,196	4,567	4,806	5,115

800	800	800	1,100	1,148	1,178	1,198
676	711	764	938	1,187	1,279	1,303
35	53	80	83	17	24	75
1,511	1,564	1,644	2,121	2,352	2,481	2,576
14	9	5	5	6	5	8
396	397	455	393	436	466	605
746	835	1,132	1,477	896	939	990
144	144	160	200	647	679	673
1,286	1,376	1,747	2,070	230	236	263
2,811	2,949	3,396	4,196	2,209	2,320	2,531
				4,567	4,806	5,115

275	327	491	705	606	385	362
245	242	281	360	435	481	448

